



Fifth Session — Thirty-First Legislature
of the
Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS**

30 Elizabeth II

*Published under the
authority of
The Honourable Harry E. Graham
Speaker*



MG-8048

VOL. XXIX No. 85C - 8:00 p.m., MONDAY, 25 MAY, 1981

MANITOBA LEGISLATIVE ASSEMBLY
Thirty - First Legislature

Members, Constituencies and Political Affiliation

Name	Constituency	Party
ADAM, A. R. (Pete)	Ste. Rose	NDP
ANDERSON, Bob	Springfield	PC
BANMAN, Hon. Robert (Bob)	La Verendrye	PC
BARROW, Tom	Flin Flon	NDP
BLAKE, David	Minnedosa	PC
BOSTROM, Harvey	Rupertsland	NDP
BOYCE, J. R. (Bud)	Winnipeg Centre	Prog.
BROWN, Arnold	Rhineland	PC
CHERNIACK, Q.C., Saul	St. Johns	NDP
CORRIN, Brian	Wellington	NDP
COSENS, Hon. Keith A.	Gimli	PC
COWAN, Jay	Churchill	NDP
CRAIK, Hon. Donald W.	Riel	PC
DESJARDINS, Laurent L.	St. Boniface	NDP
DOERN, Russell	Elmwood	NDP
DOMINO, Len	St. Matthews	PC
DOWNEY, Hon. Jim	Arthur	PC
DRIEDGER, Albert	Emerson	PC
EINARSON, Henry J.	Rock Lake	PC
ENNS, Hon. Harry J.	Lakeside	PC
EVANS, Leonard S.	Brandon East	NDP
FERGUSON, James R.	Gladstone	PC
FILMON, Hon. Gary	River Heights	PC
FOX, Peter	Kildonan	NDP
GALBRAITH, Jim	Dauphin	PC
GOURLAY, Hon. Doug	Swan River	PC
GRAHAM, Hon. Harry E.	Birtle-Russell	PC
GREEN, Q.C., Sidney	Inkster	Prog.
HANUSCHAK, Ben	Burrows	Prog.
HYDE, Lloyd G.	Portage la Prairie	PC
JENKINS, William	Logan	NDP
JOHNSTON, Hon. J. Frank	Sturgeon Creek	PC
JORGENSON, Hon. Warner H.	Morris	PC
KOVNATS, Abe	Radisson	PC
LYON, Hon. Sterling R.	Charleswood	PC
MacMASTER, Hon. Ken	Thompson	PC
MALINOWSKI, Donald	Point Douglas	NDP
McBRYDE, Ronald	The Pas	NDP
McGILL, Hon. Edward	Brandon West	PC
McGREGOR, Morris	Virden	PC
McKENZIE, J. Wally	Roblin	PC
MERCIER, Q.C., Hon. Gerald W. J.	Osborne	PC
MILLER, Saul A.	Seven Oaks	NDP
MINAKER, Hon. George	St. James	PC
ORCHARD, Hon. Donald	Pembina	PC
PARASIUK, Wilson	Transcona	NDP
PAWLEY, Q.C., Howard	Selkirk	NDP
PRICE, Hon. Norma	Assiniboia	PC
RANSOM, Hon. Brian	Souris-Killarney	PC
SCHROEDER, Vic	Rossmere	NDP
SHERMAN, Hon. L. R. (Bud)	Fort Garry	PC
STEEN, Warren	Crescentwood	PC
URUSKI, Billie	St. George	NDP
USKIW, Samuel	Lac du Bonnet	NDP
WALDING, D. James	St. Vital	NDP
WESTBURY, June	Fort Rouge	Lib
WILSON, Robert G.	Wolseley	Ind

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, 25 May, 1981

Time — 8:00 p.m.

OPENING PRAYER by Mr. Deputy Speaker.

MR. DEPUTY SPEAKER, Abe Kovnats (Radisson): Presenting Petitions . . . Reading and Receiving Petitions . . . Presenting Reports by Standing and Special Committees . . . Ministerial Statements and Tabling of Reports . . .

NOTICES OF MOTION

MR. DEPUTY SPEAKER: The Honourable Member for St. George.

MR. BILLIE URUSKI: Mr. Speaker, on a Notice of Motion, I wish to advise the Members of the Government, the House Leader and the Minister of Agriculture, and the House, that I will be proposing amendments to Bill No. 58, The Agricultural Lands Protection Act.

MR. DEPUTY SPEAKER: Introduction of Bills . . .

ORAL QUESTIONS

MR. DEPUTY SPEAKER: The Honourable Member for Churchill.

MR. JAY COWAN: My question is to the Minister of Labour. I would ask the Minister of Labour, in light of the recommendations that were made in the Wright Committee Report on Mine Safety in Manitoba's Metallic Mining Industry, unanimously I might add, that called for the transfer of responsibility for mines from the Department of Mines to the Department of Labour under the Workplace Safety and Health Division, and further to that, in light of the fact that the local committee could not reach an agreement on that and made a recommendation by the Manitoba Federation of Labour representatives that that transfer be accomplished, whereas the employers' representatives on that committee made a recommendation that that transfer not be proceeded with, can the Minister indicate if he is now prepared to make a ministerial decision as to whether or not the responsibility for safety and health conditions in Manitoba's mines be transferred from the Department of Mines to the Department of Labour?

MR. DEPUTY SPEAKER: The Honourable Minister of Labour.

HON. KEN MacMASTER (Thompson): I think, Mr. Speaker, the Member for Churchill raised it correctly when he made reference to a ministerial decision. Two ministers at the moment are working at coming to a decision, at which time when they do, they will be taking that decision or that proposed decision to Cabinet. We haven't come to any conclusion on that recommendation yet.

MR. COWAN: Can the Minister then indicate, Mr. Speaker, when it is suspected that they will make a

decision because we have asked this question over the past number of years many times in this House and the answer that was given to us in almost every instance since the formation of the Wright Committee was that the Minister would await the recommendations of the Wright Committee and once they were in would act accordingly, so they have been in for quite some time now? The Roper Committee was unable to resolve this situation . . .

MR. DEPUTY SPEAKER: Order please. I would strongly recommend to the honourable members if they have any questions to ask without the preamble that leads on to debate, please don't take advantage. The Honourable Member for Churchill.

MR. COWAN: Mr. Deputy Speaker, I have never tried to take advantage of yourself in the Chair, however I thought we were getting along very well without the debating part of the question period, but I would ask the Minister quite plainly and simply if he can indicate when we can anticipate a decision on the part of the government in respect to this very serious and this very urgent matter.

MR. MacMASTER: Mr. Speaker, I will try and keep the debate out of the answer. The member made reference to the fact that it's a serious situation, I at this moment tend to differ with him. I think there are a heck of a lot of things that have to be done in the mining industry as far as workplace safety is concerned that have been long overdue for many years and which we are now paying attention to rather than this particular transfer of personnel.

MR. COWAN: Finally in a supplementary that applies to this situation as well, can the Minister indicate if he can report to the House any progress in respect to bringing the Hudson Bay Mining and Smelting facility in both Flin Flon and Snow Lake under provincial jurisdiction as has been requested for some time now?

MR. MacMASTER: Mr. Speaker, that's a — and I'm guessing — 20 some odd year problem that we've been working at for about year-and-a-half and I think we are making some progress.

MR. DEPUTY SPEAKER: The Honourable Member for Fort Rouge.

MS. JUNE WESTBURY: Thank you, Mr. Speaker. My question is addressed to the Honourable Minister of Community Services and refers to Winnserv Homes. Mr. Speaker, the board of directors having made a decision to cease operations effective the end of May, I wonder if the Minister can advise whether that operation is indeed to cease or whether he has taken any steps to insure that Winnserv continues in its work; otherwise what steps the Minister has taken to insure that these young retardates will be properly housed in some other suitable residence without unduly interrupting the program?

MR. DEPUTY SPEAKER: The Honourable Minister of Community Services and Corrections.

HON. GEORGE MINAKER (St. James): Mr. Speaker, the former board of Winnserv made that decision. There is a now a new board of Winnserv and they are deciding and are now operating and will continue to operate that particular service.

MS. WESTBURY: Thank you, Mr. Speaker. I am pleased to hear from the Minister that the new board has decided to continue. Is that decision to continue dependant upon some action being taken by the Minister? Can the Minister assure us that the homes will continue to operate that particular service.

MS. WESTBURY: Thank you, Mr. Speaker. I am pleased to hear from the Minister that the new board has decided to continue. Is that decision to continue dependent upon some action be taken by the Minister? Can the Minister assure us that the homes will continue to operate for the foreseeable future?

MR. MINAKER: Mr. Speaker, the homes will continue to operate and I have had no communication with the new board.

MR. DEPUTY SPEAKER: The Honourable Member for Inkster.

MR. SIDNEY GREEN: Mr. Speaker, I would like to direct a question to the Honourable the Minister of Health. It relates to the discussions that are being held with the City of Winnipeg relating to the publication of restaurants' names where there is an alleged breach of health regulations. First of all, I want to know whether it is the Minister of Health who is dealing with the City of Winnipeg on this question?

MR. DEPUTY SPEAKER: The Honourable Minister of Health.

HON. L.R. (Bud) SHERMAN (Fort Garry): Only in part, Mr. Speaker. The Minister who has the primary responsibility for the function that the Honourable Member for Inkster is discussing is my colleague, the Minister of the Environment. I have participated in the discussions as a member of the Urban Affairs Committee of Cabinet and also because, as Minister of Health, obviously we have a keen interest in matters of public health. But, in fact, this issue is being discussed and negotiated between officials of the city and officials of the Department of the Environment.

MR. GREEN: Mr. Speaker, then my question is to the Minister in charge of Environmental Control. In the discussions with the city relating to the publication of names of restaurants, can the Minister assure the people engaged in the restaurant community that if there is a contest as to the condition which an inspector claims to have existed, that the publication of the name will not be made available, at least until after that contest has been decided, either by an admission on the part of the restaurant or by the laying of an information, at which time, of course, it becomes a public document?

MR. DEPUTY SPEAKER: The Honourable Minister of Consumer and Corporate Affairs and Environment.

HON. GARY FILMON (River Heights): Thank you, Mr. Speaker. Mr. Speaker, that is one of a number

of issues that is currently under discussion between the officials of my department and the officials of the City of Winnipeg. They do involve a concern that we have for the legal liabilities that might accrue and the obvious responsibilities that we have for ensuring that any publication of names is based on information that is not only factual but supportable and there is the other aspect under discussion as to whether or not the publication of names in any way might prejudice a court proceeding against somebody who violates the laws that are set for public health in restaurants. Those matters are under discussion.

I understand that those legal aspects will be agreed upon prior to the ultimate agreement for publication of names of restaurants, who have been ordered to clean up their premises, is actually brought into practise.

MR. DEPUTY SPEAKER: The Honourable Member for Inkster with a final supplementary.

MR. GREEN: Yes, Mr. Speaker, given that I would understand that if there was a situation that was immediately dangerous to the consuming public, that the Minister has power to deal with that situation by action, including the prevention of food being sold from such an establishment.

What I'm concerned with is that a restaurateur not be condemned merely on the word of an inspector unless there is a charge laid, which of course then becomes public and I don't know how that can be avoided or unless a judge has made a decision regarding the allegations which the inspector is making; that simply the statement by the inspector that there is a problem not be one that is published if it is disputed by the restaurateur.

MR. FILMON: Mr. Speaker, as I understand it, part of the discussion accrues around the concerns that the member has enunciated, but in fact we're being assured that as part of the process there will be several steps along the way, so that there is an assurance that names that are published are of restaurants who have ignored warnings and ignored orders to clean up and have had an opportunity to contest or question those orders and are at a stage in which the matter has proceeded to the point where they should, without fear of prejudice of any legal action, legitimately be published and that's part of the discussion. We are being assured by the city officials who are the ones who are interested in having these names published, and our only interest is ensuring that there is some agreement between the jurisdiction, so that somebody in the suburbs ought not to be treated differently from somebody in the inner-city. We are being assured that there are several steps to the process, to ensure that no errors and no unfair practise to the restaurateurs will take place. We're working out those details at the present time.

MR. DEPUTY SPEAKER: The Honourable Member for Rossmere.

MR. VIC SCHROEDER: I have a question for the Minister of Mines, with respect to the IMC agreement and specifically relating to the volume metric lease fee of 2.1 percent. Can he advise us to whether the

owners of the free-hold land will also be entitled to a volumetric fee of up to 2.1 percent?

MR. DEPUTY SPEAKER: The Honourable Minister of Energy and Mines.

HON. DONALD W. CRAIK (Riel): Mr. Speaker, there will be an agreement — I think it's indicated in the master agreement that IMC has to bring in — that indicates the size of the volumetric lease on the free-hold mineral rights. Whatever that volumetric lease is, the payment from the Manitoba potash company cannot exceed the payment that is made to the Crown. So whatever payment is made may be privately arranged but cannot exceed, as I have indicated, the amount to the Crown.

MR. SCHROEDER: Thank you, Mr. Speaker. I am just wondering how that amount will be determined; that is, just assuming that you start off mining 3,000 feet under the top of the free-hold land, and just assuming then that the actual potash you are taking is from the free-hold land, does the Crown have to wait until you get under Crown land until it gets its 2.1 percent on half of the production annually, or does it at that time, once it's completely under Crown land, get 2.1 percent of all the production?

MR. CRAIK: Mr. Speaker, I'm sure that will be spelled out in the main agreement.

MR. DEPUTY SPEAKER: The Honourable Member for Rossmere with a final supplementary.

MR. SCHROEDER: Can the Minister advise as to whether it will be IMC Canada Limited which will in fact be the holder of practically all of the free-hold mineral rights other than the Crown rights; that is, the 50 percent they are bringing in, the 2.1 percent payment will be not to Prairie Potash or some local individuals, but will in fact be to IMC Canada Limited?

MR. CRAIK: Mr. Speaker, who the payment is to is not a prime concern to the Crown at this point in time. The important part is that the payment on the royalties to mineral rights held by other than the Crown does not exceed from the company, the Manitoba Potash Company, the percentage rate that is paid to the Crown.

MR. DEPUTY SPEAKER: The Honourable Member for Roblin.

MR. J. WALLY McKENZIE: Mr. Speaker, I don't want to stand up and brag about a lot of the good things this government has done in western Manitoba, such as the questions from the Honourable Member for Rossmere and the oilseed plant at Harrowby.

There's another program, Mr. Speaker, that very seldom is raised in the House and that's the sewage problem in Roblin, utilizing the effluent to irrigate farmland. Can I ask the Minister of Agriculture a question, Mr. Speaker, if the first sewage problem in our province, using the effluent to irrigate farm land, if the official opening of that, which is in my constituency, will be public, and I ask the Minister of Agriculture that question?

MR. DEPUTY SPEAKER: The Honourable Minister of Agriculture.

HON. JIM DOWNEY (Arthur): Mr. Speaker, I think the member should appreciate that this is a very delicate subject and one would have to handle it very carefully not to end up on the wrong end of it. I would say to the Member for Roblin, Mr. Speaker, we are pleased that we have been able to put in a pilot project to spread the effluent and that opening will be public and I'm sure well announced.

MR. DEPUTY SPEAKER: The Honourable Member for Roblin with a supplementary.

MR. McKENZIE: Mr. Speaker, can I ask the Minister of Agriculture if they would extend an invitation to the members opposite to show them what this Progressive Conservative Government has done in Northwestern Manitoba, the Parkland Region — potash, oilseeds and now the first sewage disposal pipe, using the effluent to irrigate land. Can I ask the Minister of Agriculture if they'll be invited?

MR. DOWNEY: Let me assure the honourable member, who has brought it to the attention of the House not only the fact that the program is in place and will be operating but his support in putting in such a program and I would ask him, Mr. Speaker, if he felt strongly enough about having the members opposite to participate in such a major event in Western Manitoba that we would give consideration to such an opening.

MR. DEPUTY SPEAKER: The Honourable Member for Roblin with a final supplementary.

MR. McKENZIE: Mr. Speaker, I hope the Minister of Agriculture will invite all Manitoba to come to Roblin constituency for that occasion.

May I ask the Honourable Minister another question? Are there other community — (Interjection)

MR. DEPUTY SPEAKER: Order please. Order please.

MR. McKENZIE: A supplementary question then, Mr. Speaker.

MR. DEPUTY SPEAKER: A supplementary — the Honourable Member for Roblin.

MR. McKENZIE: Are there other communities in the Province of Manitoba that are interested in such a pilot project in their communities such has already taken place in Roblin?

MR. DOWNEY: Mr. Speaker, I'm pleased that Roblin community have taken the lead in such an advanced way in which to use a waste product to the benefit of not only the farmers but the community. Yes, there are other communities that are going to want to take a look at the Roblin system and give consideration to the installation of the same type.

MR. DEPUTY SPEAKER: The Honourable Member for Fort Rouge.

MS. WESTBURY: Mr. Speaker, my question is to the Deputy Premier and in view of the number of

people that have been asking me questions, I wonder if I may be permitted to ask about the state of our First Minister's health; whether he is improving from the apparently serious illness that has sent him to bed; whether we can expect to see him back shortly?

MR. DEPUTY SPEAKER: The Honourable Deputy Premier.

MR. CRAIK: Mr. Speaker, when I last spoke to him some few days ago, he was in robust health and looking forward to be back on the scene. I expect he'll be here not this week, but perhaps about this weekend.

MR. DEPUTY SPEAKER: The Honourable Member for Burrows.

MR. BEN HANUSCHAK: Mr. Speaker, I wish to direct my question to the Honourable Minister responsible for Hydro.

In view of the fact that the Minister had indicated that Hydro is the agency primarily involved in the conduct of the Western Power Grid negotiations and in view of the fact that he had indicated that Mr. Spafford or Unies Limited was involved in some preliminary studies preceding the negotiations, could the Minister indicate why then was Unies Limited not paid by Manitoba Hydro but instead out of the provincial treasury as the public accounts show?

MR. CRAIK: Mr. Speaker, I thought we had spent a lot of time on this last year and the year before. The first study that was done was done by Unies Limited, which was on the western power system study which is the forerunner of the detailed study that was done on the Western Power Grid and that was sponsored by the four western provinces. The main study was done by that firm, and by Mr. Gordon Spafford in particular who is the head of that firm, and as a result of the fact that Manitoba was named as the province to lead the studies in that particular case we also managed the financing of the studies that were cost-shared with the other three western provinces. As a result, you will find a fairly heavy amount of flow shown in the Manitoba books for that purpose. Let me say, Mr. Speaker, in addition to that, if and when the Western Power Grid comes into being that a great deal of the initial work can be recognized as having been done by that particular firm and by Mr. Spafford and in fact, if in fact it comes into being, a great deal of the credit and the foresight for it can be handed to Mr. Spafford.

MR. DEPUTY SPEAKER: The Honourable Member for Burrows with a supplementary.

MR. HANUSCHAK: Yes a supplementary, Mr. Speaker, I am asked what do I have against engineers? In view of the fact, Mr. Speaker, that I do believe that we do have a very competent staff employed by Manitoba Hydro, and I am sure that we have very competent staff employed by the Minister's department, can the Minister indicate to the House what expertise was there not within his department or Manitoba Hydro that Unies Limited was able to offer him that he was not able to obtain in-house?

MR. CRAIK: Mr. Speaker, if one were to add up the number of man days that have been contributed by

Manitoba Hydro and by departmental staff and so on, I am sure that you would find that it dwarfed by a very large margin, by a very large multiple in fact, the amount of time spent by the firm referred to here by the Member for Burrows.

MR. DEPUTY SPEAKER: The Honourable Member for Burrows with a final supplementary.

MR. HANUSCHAK: Yes, I wish to thank the Honourable Minister for the answer that apparently the only expertise was time. Can the Minister indicate to the House whether there is anything in the current fiscal year's appropriations to pay fees to Unies Limited and/or Mr. Spafford?

MR. CRAIK: Mr. Speaker, the member asked that question yesterday and I took it as notice.

MR. DEPUTY SPEAKER: The Honourable Member for Rossmere.

MR. SCHROEDER: Thank you, Mr. Speaker, a question to the Minister of Finance. I had a complaint from a constituent with respect to a refund of sales tax on the sale of a vehicle. Apparently the refund approval was made about April 20th and on May 11th no refund had been made and when she checked with the department handling the refunds she was advised that it was as a result of year-end backlog. Could the Minister explain as to what the cause of the delay is?

MR. DEPUTY SPEAKER: The Honourable Minister of Finance.

HON. BRIAN RANSOM (Souris-Killarney): Mr. Speaker, I must admit that I am not intimately familiar with each and every refund that the department is making and I would have to take that question as notice.

MR. DEPUTY SPEAKER: The Honourable Member for Rossmere with a supplementary.

MR. SCHROEDER: Thank you, Mr. Speaker. I wasn't expecting that the Minister would be aware of each individual item, however I had pointed out to him that the lady had been told that it was as a result of year-end backlog, although the enquiry was made on May 11th. I would further point out that when she called the Ombudsman she was told by him that the same complaint was being heard from all over the place about backlogs and the Ombudsman was telling her that there is nothing that can be done to expedite the processing of refunds, so I would ask whether the Minister has a general comment as to how long it ordinarily takes to process these refunds and as to whether there is a problem at this time of year as opposed to some other time of year?

MR. RANSOM: I don't think I have any general comment to make on that, Mr. Speaker.

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

MR. HANUSCHAK: Mr. Speaker, I wish to direct my question to the Honourable Minister of Finance. Can

the Minister of Finance indicate to us what revenue he expects to receive from the two mega projects by way of Education Support Levy; that is, from International Minerals and Alcan, from their contribution they would make by way of their payment of school taxes towards the Education Support Levy?

MR. DEPUTY SPEAKER: The Honourable Minister of Finance.

MR. RANSOM: Perhaps the honourable member could refer to what year he is dealing with, Mr. Speaker?

MR. DEPUTY SPEAKER: The Honourable Member for Burrows with a supplementary.

MR. HANUSCHAK: Mr. Speaker, yes, commencing with the first year that both of those companies would be expected to pay taxes and if the Minister would also be good enough, when the first year would be; would it be upon the completion of the capital construction or at commencement of production or earning of profits or whatever?

MR. RANSOM: Mr. Speaker, I will take the question as notice.

MR. DEPUTY SPEAKER: Orders of the Day.

The Honourable Minister for the Great Seal and the Honourable Attorney-General.

MR. MERCIER: Mr. Speaker, I move, seconded by the Honourable Minister of Finance, that Mr. Speaker do now leave the Chair and this House resolve itself into a Committee to consider Ways and Means for raising of the Supply granted to Her Majesty.

MOTION presented and carried and the House resolved itself into a Committee of Ways and Means with the Honourable Member for Radisson in the Chair.

COMMITTEE OF WAYS AND MEANS

MR. CHAIRMAN, Abe Kovnats (Radisson): Committee of Ways and Means will come to order please. Capital Supply — Resolve that towards making good certain sums of money for Capital purposes the sum of \$78,150,000. be granted out of the Consolidated Fund — pass.

The Honourable Member for St. Johns.

MR. SAUL CHERNIACK: Mr. Chairman, there are a few items in the Revenue Estimates for which I'd like to get some clarification. I can give them all at once or give them one at a time, whatever the Minister would prefer. I imagine he would prefer me to list them out to him and then he could deal with them. It might be quicker and certainly the quicker we move through this the better it'll be, so that if the Minister would hear my enquiries and make a note of them, then I'm sure he can respond.

Firstly, the revenue items under Finance. (a), the Corporate and Individual Income Tax, I'd appreciate knowing the basis on which these figures have been estimated. Are they figures produced within the department or are they more likely, as is the usual

case, the latest estimates received from the Department of Finance, Canada, and therefore since I believe they send their estimates in brackets, like minimums and maximums, since they are only estimates, are these figures the middle between those estimates?

My second question, Mr. Chairman, is in relation to (b) Corporation Capital Tax. Could the Honourable Minister . . . I'm under Capital Tax and I wanted to know about the immovable equipment and the date of May 14th, 1980. Now, frankly at this moment, I think that that is a change that is being made in the sales tax, not the corporate capital tax. The Minister could help me out if he can tell me in which of the two items . . . No, indeed it must be the corporate capital tax. No, it's the sales tax. —(Interjection)— Yes, in the Statutes on . . . Mr. Chairman, I'm sorry, I became confused for a moment. The Minister helped me and I appreciate it. Under the Sales Tax Revenues, Retail Sales Tax, I'd like an explanation of the nature of the change there and the impact on the revenue, in which case, I would like know how much was last year's, this last fiscal year's revenue on Retail Sales Tax, Item 11?

Further, the Gasoline Tax under Item C, I'd like to know whether in both cases, in the Gasoline Tax (c), in the Motive Fuel Tax (j) in the Tobacco Tax (n), whether all these increases reflect the Budgetary increase, and if so, is it just a calculated amount related to last year's Estimate or last year's Revenue?

Next, Mr. Chairman, if I'm not going too quickly for the Honourable Minister. Skipping to Page 2, Mr. Chairman, under the Attorney-General, Liquor Control Commission, I'd like to know last year's estimated revenue, that is, they must have the figures pretty close by now, and the relationship of the fiscal year Estimated Revenue related to the increase in tax rate?

Next, Mr. Chairman, on Page 3, under the Manitoba Lotteries Licensing Board, is a very substantial increase of expected revenue over last year's expected revenue. It may be that there was a substantial increase above the estimated over the last year. I'd like an explanation for that increase and if it is . . . well, I won't comment on that, just leave at that.

I'd like an explanation on Page 4 of the increase of the sundry item in Labour and Manpower, it being a very substantial increase, about 50 percent up from the previous year's Estimate.

And now, Mr. Chairman, on Page 5, Item, Natural Resources (f) Water Resources \$10 million. I'm looking for the subsidy in connection with City of Winnipeg Hydro water rates, which the government is paying to Winnipeg Hydro because of the fact that they were forced to freeze their rates because of the government's policy to freeze Manitoba Hydro. It was announced by both the Minister and I think the Minister of Urban Affairs, I have not found for this year where that expenditure is. I understand last year there was a special warrant.

Then, Mr. Chairman, I'd appreciate knowing what items the government expects to sell for \$1.5 million under Sale of Government Assets — \$1.5 million, Sale of Government Assets?

And, my final question, Mr. Chairman, under Item 6, is a very substantial increase in Equalization

Revenue, Item (a) under Finance. And, I would like know what the . . . I'm sorry, Mr. Chairman, I didn't realize that the paper just touching the microphone picked up that noise. I apologize. Under Finance (a) Equalization, there is a very substantial increase, about a third up from what it was in the previous fiscal year, and I'd like to know what was the Equalization Revenue in the previous fiscal year, actual, and why the substantial increase in this year? It seems to me the obvious answer is that Manitoba has fallen further below the national average on the equalization formula so that the revenue coming here is not really a good picture of revenue, but an indication of the losses that we are indeed suffering in other revenues that have to be made up by equalization?

That was my final question, Mr. Chairman, of my list, but I want to make a comment to the effect that we are now budgeting a deficit for this year of current estimates of some \$220 million, in addition to which there is a transfer of \$25 million, a one-time transfer, not from revenue, not from moneys flowing into the Treasury, but actually a transfer from a Capital Asset, the Special Municipal Loan and General Emergency Fund being thrown into the Revenue Item.

Mr. Chairman, the Minister, I believe, as I recall it in his Budget Address, said that in order to conform to the bookkeeping methods of the government, this is being done. But that can't be so, Mr. Chairman. It's being done to reduce the apparent deficit for this year. Otherwise it would have been a simple matter for the Minister to direct that that amount be charged to last year's deficit or to the accumulated deficit over the years, and in that way it would have been reduction without any bookkeeping.

I fault the Minister for his bookkeeping because this is a one-time item, it is a transfer of books, but it does result in \$25 million less shown as a deficit for this current year than it would have been had they done it the other way, which would have been just as possible to do. So I fault the Minister and, of course, the government for that transfer of \$25 million and for not showing the real effect of this year's Budget and that is the equivalent of a deficit of \$245 million.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. RANSOM: Mr. Chairman, I will try and answer some of these. I don't believe that I can answer them all immediately. The corporate and personal income tax estimates, I believe, are those provided through the federal people. —(Interjection)— The question, Mr. Chairman, of whether they are middle, upper, or low, to my knowledge they are the estimate that comes from the Federal Government. We try not to overestimate the revenues. I think that's been reflected in the past. I don't recall the precise range or figure, but in general we have aimed for a mid-point in revenues.

The question about the movable or immovable equipment that's the item that's included The Statute Law Amendment Taxation Act has to do with the change that was made last year and it's comparable Act which was intended to really counteract what had been established through case law and was the practice in other western provinces as to the

classification of these assets. Last year, effective the 14th of May 1980, it was changed and we subsequently determined that the impact of that change was something that we hadn't fully appreciated and anticipated at the time, and so this change is intended to go back to May 14th, 1980, and wipe that out.

MR. CHERNIACK: The Minister has permitted me to interrupt him with a question for elaboration. Does that then mean that this is being done to correct a revenue not expected in the last year, but which fell into the treasury because of the draftsmanship, or is it a reduction which was intended last year and didn't take effect? I wonder if my question is clear.

MR. RANSOM: If I understand the question correctly, it is that this was an expected additional revenue as a consequence of the change that was made last year and that we will be foregoing what was anticipated for revenue as the full impact of the change and the definition became evident that we would in fact be discounting all used equipment of this category by 5 percent and consequently we are changing back to make it consistent with what had been established in case law and make it consistent with what applies at least in the other western provinces where sales tax is applied. I believe that the amount of money involved, that the range of estimate was \$400,000 to \$500,000.00. I'll have to check that, but that's my recollection.

The liquor and sales tax revenues, I believe, again are based on estimates, what is expected to be the case for the upcoming fiscal year; that there are some adjustments made in volumes as well as simply the increases in taxation levels. I don't have the precise figure for liquor control revenues last year. If I understand the question about increased revenues as a consequence of the increased tax rate, I believe that's the figure that's outlined in the Budget of \$4 million; page 60 of the Budget. I will have to get an explanation on the Lotteries Licensing figure, and the Minister of Labour will give an explanation of the labour item.

The subsidy, the offset to Winnipeg for water rentals, the figure paid out in 1980-81, was the figure that covers the pay-out. There is no figure in 1981-82.

MR. CHERNIACK: None expected?

MR. RANSOM: No, the it was paid out in, I believe, January of 1981.

The figure on the sale of government assets, I would have to try and get some information on that, Mr. Chairman. I believe that the figure shown for equalization here is the best estimate that we have at the moment for the 317 —(Interjection)— Yes, but that's for the last year's figure. I believe that's the way the member phrased the question. The estimate for 1981-82 — no, excuse me, Mr. Chairman, — the actual figure for last year is estimated at \$404 million, and the estimate shown here then for 1981-82 is \$417 million. I believe, as the member will realize, that the formula is a very complicated one and although the members opposite have on occasion attempted to make the case that the increased equalization is due to a slack in performance of the economy of the province, there is

certainly an element of that, but I think it's perhaps an over-simplification to simply attribute increases to that item.

I would ask the Minister of Labour and Manpower to explain the item within his department and I'll attempt to get the other information as soon as possible.

MR. CHAIRMAN: The Honourable Minister of Labour and Manpower.

MR. MacMASTER: Mr. Chairman, I'm not sure if the Member for St. Johns wanted the capital or the operations, but I'll give him a rough idea of them both and maybe I could cover them both.

The capital, there is an increase this year for two specific reasons. We are adding equipment, classroom —(Interjection)— I'm sorry, I thought you were talking about the increase in the operation cost. I'll get the revenue for you.

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

MR. CHERNIACK: Mr. Chairman, I thank the Honourable Ministers. I hope that they will be willing and I'm sure they will be able to provide the figures I have requested when we are in, I suppose, Committee of the Whole dealing with the Supply Bill itself. I think it's not unreasonable to ask that of them, to let me have that at that time.

I want to comment, Mr. Chairman, that the equalization of \$404 million for the year ending 1981, compared with \$317 million estimated at that time, an increase of, I believe it's \$87 million, about 25 percent more than was expected, is indeed an indication that Manitoba has not done as well as the national average. The Minister may say it's an oversimplification. I know the formula is extremely complicated but overall, I think it's not an oversimplification but rather a generalization based on, I think, what is correct and I really would appreciate it, for my own understanding of the equalization formula, that if the Minister is indeed correct that this is an oversimplification, that he give me the kind of explanation that would be easily produced by his department to explain the vast difference. Now I know it can be done and I would be glad to see it. It may be editorialized, I don't know, but I certainly would like to see it. But generally speaking, I think that it is a correct statement. It is the happy situation for provinces who are contributors rather than receivers of equalization to know that they are contributors to equalization because their revenue per capita, in accordance with the formula, is greater than the national average and therefore they are in that position.

Ontario, to its great dismay, is finding itself now a recipient, and that's a sign of the fact that they are in trouble. Mr. Chairman, that is setting aside the fact that the formula does not include the tremendous revenues from oil from the oil-producing provinces, which was excluded a number of years ago over the objections of Manitoba and other provinces who are recipients of equalization.

Now, Mr. Chairman, I have one more comment to make. If we find it in one item, which is probably one of the biggest items of revenue, some \$400 million, I would like to ask the Minister, what are his latest

estimates, and they must be very close to accurate, of the deficit for the year ending 1981, or is there a surplus by now? The contemplated deficit was \$190 million at the end of 1981, as at March 31, 1981. That was the projected deficit, \$190 million. I would like the Minister to tell us now, what is the deficit as it appears to be? I am assuming that it is substantially less than what was expected then because I have the feel that there's an overestimate in expenditures and an underestimate of revenue. Now that's just a gut feeling, which may be quite wrong, but I would be pleased to hear that indeed I am right in suggesting that the deficit is substantially reduced from what it was expected to be.

I would ask the Minister if he would tell us, what is the figure, the end of the line figure for the year 1981 as he now knows it.

MR. RANSOM: Mr. Chairman, I don't know what that figure is. The last estimate that I had was still in the range of \$100 million, but I'll check with the department and see what the most recent figure is.

MR. CHERNIACK: I appreciate even that information. It indicates a reduction in the deficit of \$90 million from last year's estimate. A hundred million is \$90 million less than \$190 million, so that's good. I would like to see us more in conformity with the promises of the Conservative Party, but nevertheless it is better than they led us to believe last year.

I am guessing now, Mr. Chairman, that at the end of the next fiscal year, the deficit will not be \$220 million, even taking into account this \$25 million bookkeeping entry which reduced the amount. On that point, I have already made the point, I would like to know if I am correct, if the Minister can confirm that another way of handling this \$25 million, if indeed it was expected to be nothing but a transfer due to a change of accounting practices, if it couldn't have been done another way, and that is to credit it to the accumulated deficit, rather than showing it as a revenue item which, Mr. Chairman, I submit is an artificial — I was going to say phoney and it is a phoney revenue — but it is certainly an artificial one and could have been, I believe, done in a different way to show the true expected deficit of some \$245 million. Now, if I am wrong, I would like to be corrected in this Chamber rather than outside; and if I'm wrong, I would certainly like to know about it.

MR. RANSOM: Mr. Chairman, I can't tell the honourable member whether he is wrong or not. All I can tell him is that this is the route that was discussed in Public Accounts when the issue was raised during our review in February or March, whenever we were dealing with Public Accounts. It was the course that was recommended by staff and it's the one that was followed, but I'll certainly enquire if there was another way that it might have been handled.

MR. CHERNIACK: I do believe that I heard the Minister correctly — I believe he said he will enquire and I assume let us know.

I would just refer him to Page 61 of the Budget, where he says, and I quote, "A further improvement of \$24.8 million in the province's General Revenues will be achieved through the transfer to the

Consolidated Fund of the balance remaining in the Special Municipal Loans and General Emergency Fund." I reject that statement as an improvement to the General Revenues because, Mr. Chairman, it is taking out of one provincial pocket, putting it into another provincial pocket, and suddenly calling it revenue. That's why I called it artificial and I think I was kind in using that term.

I am looking forward to hearing from the Honourable Minister his response as he promised to give it in due course and I assume at the latest during Committee of the whole meeting on the Supply Bill.

MR. CHAIRMAN: Capital Supply — pass — The Honourable Member for Lac du Bonnet.

MR. SAMUEL USKIW: Yes, Mr. Chairman, I wanted to know why there is an estimated reduction in revenue under the Attorney-General's Department in Fines and Costs by about a half-a-million dollars. That was one of the items, and the other one a substantial reduction in revenue on Municipal Shared Costs Receipts. I'm sure there is a logical explanation for that one, Mr. Chairman. And a reduction in revenue from Motor Carrier Licenses and Fees of some several hundred thousand dollars and again a reduction in Transportation Services under Highways and Transportation. That's it for the moment, Mr. Chairman. —(Interjection)— Oh, all right yes, there's a reduction in Highways and Transportation of some several hundred thousand under item (c) and in item (e) there's a substantial reduction in revenue — there is probably a logical explanation — and under Attorney-General, items (b) and (f).

MR. CHAIRMAN: Order please. The Honourable Minister.

MR. RANSOM: Mr. Chairman, I will have to make enquiries of those. There was an item on Municipal Affairs that the honourable member asked for as well. I wonder if he would repeat that, please.

MR. CHAIRMAN: Would you repeat the one on Municipal Affairs?

MR. RANSOM: I thought he said Municipal Affairs — okay.

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

MR. CHERNIACK: I am not clear as to whether or not the Minister has already answered the question or is expecting to. —(Interjection)— Well shall I wait?

MR. RANSOM: I said I would get the answer.

MR. CHERNIACK: Oh, you don't have it now.

Mr. Chairman, I do recall that somewhere in the Budget Speech is a statement as to, oh yes, page 69, the government anticipates net borrowing requirements of approximately \$365 million, of which \$115 million will be available from non-market sources, mainly the Canada Pension Plan, and the balance of \$250 million will be obtained from public market sources. Could the Minister clarify for me

what the last borrowing was, the extent of it and the interest rate?

MR. RANSOM: Mr. Chairman, I believe that the last borrowing we did was the money obtained from the Alberta Heritage Fund, the last one, which was \$110 million, I believe, at 14.05.

MR. CHERNIACK: Yes, I thank the Honourable Minister. That \$120 million, I'm under the impression it was not part of the \$250 million and that has yet to be borrowed, the amount mentioned on 69. Am I correct, or is that part of it?

MR. RANSOM: I'm not certain of that, Mr. Chairman. I would prefer to get an accurate answer to that, I'm just not sure.

MR. CHERNIACK: Just further on the capital borrowing, the Minister has informed me that the estimated current cost of borrowing for the province for long-term money is estimated to be close to 16.5 percent. You will note, Mr. Chairman, that is substantially more than is being charged to the Crown corporations, as was indicated by the Minister of Agriculture earlier today where he said that the charge of 15 percent was not below the charge being made by the government to the Crown corporation, the MACC, and that indeed is correct from the information given to me by the Honourable Minister of Finance. The current rate April 1 to June 30th is 14.5 percent, which is approximately, I believe — let me think out loud, Mr. Chairman.

If the present borrowing costs for long-term is 16.5 percent, then I believe the normal charge at 16.5 percent would be 17 percent to the Crown corporations and at 17 percent it is 2.5 percent more than is now being charged to Crown corporations and I would assume that is because of the tremendous escalation just in the last period of time. I would assume again that this rate of 14.5 percent was set at the end of March or early in April and that there was an increase to that extent since that time. Again I'm assuming that when the Minister gave the rate of 16.5 percent, that is the base on which he would now be determining the rate charged to the Crown corporations by adding a half percent to it.

We can only hope that the interest rates are reduced soon enough so that the charge to the Crown corporations will be reduced, but today at the noon hour I was told of some person who loaned money to a bank for six months, I think it was, at 19 percent. That's the figure. Several of us learned of this at lunch time and if the bank is doing it for so long a term then it means that the bank does not expect reductions, and if the bank does not expect reductions then one would think that this 16.5 percent rate may well continue for some period of time. And it's for long-term money which is, I think, normally less than it would be on the market for short-term.

So that we are talking and have been talking about the impact of high interest rates on farmers, the small businessmen, on homeowners, but the impact of the high interest rates on the province is also great and it makes me wonder whether indeed the estimates we have just concluded, the current estimates showing the costs in the — well they would be the statutory items in the expenditure

estimates — may even be low if the interest rates continue at this rate. But certainly it seems to me it means that either the agricultural program that we discussed this afternoon will have to go up to some 17-17.5 percent charge to the farmers on the consolidation or indeed there will be a direct subsidy. I think that when we were given the figure and discussed it today at 15 percent, it wasn't so much a direct subsidy as it was giving to the farmers the benefit of the government's power to borrow as reasonably as possible, under the circumstances.

Now it seems to me that either there will have to be a direct subsidy or there will have to be an escalation and interest rate, both of which are difficult to handle and both of which will, in the end, cost the taxpayers generally more money than I believe is contemplated in the Estimates that we are about to deal with in the next day or two.

MR. DEPUTY CHAIRMAN: The Honourable Member for Lac du Bonnet.

MR. USKIW: Not yet, Mr. Chairman. I would like also the information under Natural Resources, Items (c), (e) and (f), an explanation as to why the reduction in revenue in those items; and under Sale of Government Assets, could the Minister indicate what kind of assets have been sold to the extent of \$1.5 million, or are being sold.

MR. DEPUTY CHAIRMAN: The Minister of Finance.

MR. RANSOM: That last question is one that I had said I would get an answer for when the Member for St. Johns made that enquiry.

The reduction in Natural Resources on lands, I believe, would be an adjustment in the Estimates of land sales and leases, based on the experience of last year. The parks item is, I believe, a similar situation where there's fees recovered, the development of cottage lots as they're put on the market, and there's a variation from year to year.

The Water Resources item would be the water rentals that have been adjusted on the basis of expectations for the upcoming year, apparently slightly lower than was the case of last year, or more than slightly.

MR. DEPUTY CHAIRMAN: Capital Supply — pass; Resolved that towards making good certain sums of money for Capital purposes, the sum of \$78,150,000 be granted out of Consolidated Funds — pass;

Supplementary Supply. Resolved that towards making good certain further sums of money granted to Her Majesty for the public service for the province, for the fiscal year ending the 31st day of March, 1982, the sum of \$3,493,500 be granted out of Consolidated Funds — pass.

Main Supply. Resolved that towards making good certain sums of money granted to Her Majesty for the public service of the province for the fiscal year ending the 31st day of March, 1982, the sum of \$2,244,886,700 be granted out of Consolidated Funds — pass;

Committee rise. Call in the Speaker.

The Chairman reported upon the Committee's deliberations to Mr. Speaker and requested leave to sit again.

IN SESSION

MR. DEPUTY SPEAKER, J. Wally McKenzie (Roblin): The Honourable Member for Dauphin.

MR. GALBRAITH: Mr. Speaker, I move . . .

MR. DEPUTY SPEAKER: Order please. — (Interjection)— It's agreed by the Committee that the report be received. (Agreed)

The Honourable Minister of Finance.

INTRODUCTION OF BILLS

MR. RANSOM introduced, by leave, Bill No. 48, An Act to Authorize the Expenditure of Money for Capital Purposes and Authorize the Borrowing of the same; and Bill No. 55, An Act for Granting to Her Majesty Certain Sums of Money for the Fiscal Year Ending March 31st, 1982 and to Authorize Commitments to Expend Additional Money in Subsequent Years, to Authorize the Borrowing of Funds to Provide for the Cash Requirements of the Government; and Bill No. 61, An Act for Granting to Her Majesty Certain Further Sums of Money for the Public Service of the Province for the Fiscal Year Ending March 31, 1982.

SECOND READING GOVERNMENT BILLS

BILL NO. 48 — THE LOAN ACT, 1981

MR. RANSOM presented, by leave, Bill No. 48, An Act to Authorize the Expenditure of Money for Capital Purposes and Authorize the Borrowing of the same, for second reading.

MOTION presented.

MR. SPEAKER, Hon. Harry E. Graham (Birtle-Russell): The Honourable Minister of Finance.

MR. RANSOM: Mr. Speaker, this bill is intended to provide incremental borrowing and expenditure authority for non-budgetary self-sustaining capital programs. It does not reflect total non-budgetary self-sustaining capital programs as the corporations normally included in the annual Loan Act have borrowing authority available which, together with internally-generated funds, will be sufficient to provide for their 1981-82 capital programs.

The bill is similar to previous Loan Acts. It's slightly longer than last year's version due to increased requirements this year for additional capital authority.

The bill this year also provides for a guarantee of a line of credit for the University of Manitoba and for a loan to be made to the Credit Union Stabilization Fund, as well as additional funds for the Insulation Loan Program.

When the bill reaches committee stage, Mr. Speaker, I could provide more details section-by-section.

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

MR. CHERNIACK: I wonder if I could ask the Honourable Minister a couple of questions. Firstly, will he tell us of any changes in this bill from last

year in the draftsmanship, since we haven't had a chance to look at it to any extent, other than the items, Sections 8 and 9 dealing with the University and the Credit Union? Will he assure us that there is no change, or explain any change?

Secondly, will he tell us whether we've had any advance notice or discussion dealing with the two items, namely the university line of credit at the Credit Union Stabilization Fund?

MR. RANSOM: The question of drafting changes, Mr. Speaker, I would have to take as notice. I don't believe there are but I'll make that enquiry.

As to the advance discussion, is the member asking whether there have been discussions with the university?

MR. CHERNIACK: No, in the House, with us.

MR. RANSOM: No, I don't believe so, Mr. Speaker.

QUESTION put, MOTION carried.

MR. SPEAKER: The Honourable Minister of Finance.

**BILL NO. 61
THE SUPPLEMENTARY APPROPRIATION
ACT, 1981**

MR. RANSOM presented, by leave, Bill No. 61, An Act for Granting to Her Majesty Certain Further Sums of Money for the Public Service of the Province for the Fiscal Year Ending March 31, 1982, for second reading.

MOTION presented.

MR. SPEAKER: The Honourable Minister of Finance.

MR. RANSOM: Mr. Speaker, I don't believe that much explanation of this bill at this point is required. I believe the members are quite familiar with the structure of these bills and we had discussion this afternoon on the three items included.

QUESTION put, MOTION carried.

**BILL NO. 55
THE APPROPRIATION ACT, 1981**

MR. RANSOM presented, by leave, Bill No. 55, An Act for Granting to Her Majesty Certain Sums of Money for the Fiscal Year Ending March 31, 1982, and to Authorize Commitments to Expend Additional Money in Subsequent Years and to Authorize the Borrowing of Funds to Provide for the Cash Requirements of the Government, for second reading.

MOTION presented.

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

MR. CHERNIACK: I think I saw the Honourable Minister about to rise and you didn't notice.

MR. SPEAKER: The Honourable Minister of Finance.

MR. RANSOM: Mr. Speaker, I was just going to make the similar comment, that we have had extensive discussion of the items that are within the bill and when we get into the committee stage, we can deal with section-by-section items.

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

MR. CHERNIACK: Mr. Speaker, I don't intend to speak on this bill at this stage. I'll have opportunity to speak during the Committee of the Whole review about the various items which I have in mind — I don't want to hold up proceedings — but this being a much more extensive bill in draftsmanship than the others, I would expect the Minister to give us the assurance now or during the Committee of the Whole, as to the drafting of the bill and regarding any changes that may have been prepared from last year's draftsmanship. I also would like the assurance of the Minister when he closes debate, that indeed we will not complete the Committee of the Whole without having had an opportunity of a full explanation of any changes that may have occurred in the drafting of this bill from the last one. I think that's a fair request.

MR. SPEAKER: The Honourable Member for Inkster.

MR. GREEN: Mr. Speaker, before I proceed, may I ask whether it was the Minister's intention to go into committee tonight on this bill?

MR. SPEAKER: The Honourable Minister of Finance.

MR. RANSOM: Mr. Speaker, by leave, I guess we would be prepared to take the bills as far as we could but there are some of the questions that have been asked that the members may be requiring answers to before we proceed much further with them. But from our point of view, we would be prepared to proceed.

MR. GREEN: Mr. Speaker, I just wanted to make sure that I was not going to hold things up, but given the fact that you are not going to be able to deal with that, I would move, seconded by the Honourable Member for Burrows, that debate be adjourned.

MOTION presented and carried.

MR. SPEAKER: The Honourable Minister of Finance.

MR. RANSOM: Mr. Speaker, by leave, I move, seconded by the Minister of Agriculture, that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee of the Whole to consider and report of the following bills for Third Reading:

Bill No. 48, An Act to Authorize the Expenditure of Money for Capital Purposes and Authorize the Borrowing of the same, and

Bill No. 61, An Act for Granting to Her Majesty Certain Further Sums of Money for the Public Service of the Province for the Fiscal Year Ending March 31, 1982.

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

MR. SPEAKER: The Honourable Member for Virden.

COMMITTEE OF THE WHOLE

BILL 48 — THE LOAN ACT

CHAIRMAN, Mr. Morris McGregor (Virden): I call the Committee to order. We are on Bill 48. I'll go page-by-page. Page 1 — pass — the Member for St. Johns.

MR. CHERNIACK: It was at this stage, I believe, that the Minister was going to tell us about the drafting of the bill.

MR. CHAIRMAN: The Honourable Minister.

MR. RANSOM: Mr. Chairman, in comparing sections of Bill 48 with the equivalent sections of The Loan Act, 1980, the following changes have been made:

Sections 3(1) and 3(2), 4, 5, 6(a), 6(b), and 7 have been changed to include references, the corporations and Acts in addition to the Agricultural Credit Corporation and The Agricultural Credit Corporation Act since additional borrowing authority is required to carry out the 1981-82 Capital programs for the Manitoba Telephone System, the Manitoba Water Services Board and the Manitoba School Capital Financing Authority which were not included in The Loan Act, 1980.

Section 8 provides authority for the government to guarantee a line of credit for the University of Manitoba in respect of bridge financing required for its new sports complex. The University has indicated that funding for the construction of the complex, estimated to cost \$6.3 million will be through private donations. The University has also indicated that during the construction phase there is expected to be a cash-flow deficit of \$2,500,000 which they will finance by means of a bank line of credit. The guarantee by the government of this line of credit will allow the University to receive the prime rate on loans received under the line of credit.

Section 9 provides authority for the government to make a loan to the Credit Union Stabilization fund not exceeding the \$2,500,000 set out for the purpose in Schedule A. The Credit Union Stabilization Fund is empowered under The Credit Unions and Caisse Populaires Act to enter into an agreement with the Government of Manitoba to obtain loans that the Stabilization Fund deems adequate to enable it to meet its requirements for liquid funds. We are prepared to agree with the request from the Credit Union Stabilization Fund for a loan at this time.

Schedule A of this year's bill, as compared to last year's, reflects an increase in dollar amounts for The Manitoba Agricultural Credit Corporation, The Insulation Loan Program, as well as additional authority for the Telephone System, the Water Services Board, the School Capital Financing Authority and the Credit Union Stabilization Fund. The amount appearing opposite the designation of the Manitoba Agricultural Credit Corporation in Schedule A of the printed Bill is \$33,350,000.00. The amount should be increased to \$36,350,000, and the

total of Schedule A increased to \$78,150,000 in accordance with the estimates of further sums required for the service of the province for Capital expenditures tabled in the Legislature on May 22nd.

MR. DEPUTY CHAIRMAN: Page 1 — pass; Page 2 — pass; Page 3.

The Honourable Member for St. Johns.

MR. CHERNIACK: Mr. Chairman, there are three questions that arise from what was said by the Minister and I'll deal with all three at once unless there is some objection. Firstly, the guarantee of University line of credit; that's for the sports complex. Is that included in the school Capital Financing Authority? I believe not; but if it is then the only authority appears under Section 8, and if indeed the government is found liable for payment of this \$2.5 million or over that, then that will increase the deficit of the government, will it not? I think maybe I'll just deal with that section first, Mr. Chairman.

MR. RANSOM: Well, if I understand the question of the member, it would now show as a figure increasing the projected deficit.

MR. CHERNIACK: No, . . . has to pay.

MR. RANSOM: Yes, if we had to pay it, yes.

MR. CHERNIACK: Mr. Chairman, I believe that this is an order, although I also believe it's not in the usual form. It seems to me that usually an item is passed as a Capital amount whether it's moneys actually borrowed in advance or moneys guaranteed. A debt is a debt and we discovered way back that when we were prepared to guarantee loans for Crown corporations we had to have the authority for it. Now it may well be that this is considered ample authority but it is different. For example, Mr. Chairman, I'm not aware that we have received a message from His Honour on this and I think it is needed because, as I say, a guarantee is the equivalent of an expenditure of moneys once the guarantee is made and I don't believe there is a message from His Honour approving the obligation which the government expects to assume and I question, and I don't know why I should question the legality of it, but I do wonder that it isn't shown as a contingent liability and therefore is indeed a liability.

I would have thought that just like Section 9, dealing with the Credit Union Stabilization Fund, it would be shown in Schedule A and it isn't, if it's not part of the School Capital Financing Authority which, of course, it isn't because that's not the proper item. But it seems to me that just like the Credit Union Stabilization Fund having a separate authority to raise money by loan for the credit unions, so should a guarantee for the University financing.

The second question: The Minister, I believe, said that this will enable the University to borrow at prime rate. I should hope that with the guarantee of the province they could borrow at substantially below prime. I have had occasion to said earlier today that prime — I don't know where prime is now, but I am guessing it is around 20 percent — I think that in view of the fact that the Minister has indicated today that the province would borrow long-term at 16.5 percent, I don't know how short term would compare

with long term interest rate but surely it is substantially less than prime and I would expect that any time the province signs any guarantee that automatically should take it very close to the province's borrowing costs. Therefore, I have asked the Minister if he could deal with points I've raised under Section 8?

MR. RANSOM: I can't really deal with the specifics of his point on why it isn't shown as a contingent liability. I can enquire as to why not, Mr. Chairman. I've simply a recommendation made by staff that it be handled in this fashion and that it's not necessary to provide the specific authority for doing that.

Perhaps the reference to borrowing at the prime rate may be a specific reference or it may be perhaps intended more to allow them to get the best possible rate but I believe the Minister of Agriculture pointed out earlier that on some of the guaranteed loans that the Agricultural Credit Corporation guaranteed with the banks that rates were, in fact, in those cases at approximately one percentage point above the prime rate.

MR. CHERNIACK: Mr. Chairman, we have seen from time to time where sometimes the difficulty creates the need for a change in legislation and unless the Legislative Counsel tells me that he believes that the points I have raised are inconsequential I would suggest to the Honourable Minister, that since we are coming back tomorrow to be in this very committee to deal with the other Supply Bill, it may be to his advantage to investigate, firstly, whether he needs a message from His Honour; and secondly, whether or not the Schedule A ought to be increased.

I only make that as a suggestion. If I am right then he would want to correct it; if I am wrong then he will have an opportunity to tell me. But just like he has indicated to us that Schedule A will have to be amended, I gather he is going to have an amendment for the Agricultural Credit Corporation to raise it \$36 million and an increase on the total. I would assume that when he brought in that \$3 million that he did have a message from His Honour at that time for the \$3 million so I think that's no problem. But if he didn't have one for this \$2.5 million — and may I say, Mr. Chairman, I'm never too impressed with the formality of requiring a message from His Honour, but traditionally there is a reason for it, and that is the role of the Lieutenant-Governor in all of this as representative of the Queen, I just don't want things to go wrong.

So, Mr. Chairman, I understand the point. I do think that the guarantees by the Agricultural Credit Corporation to pay a bank at 1 percent over prime, and still guaranteed by the Agricultural Credit Corporation, is somewhat different than the Province of Manitoba making a guarantee for the University, a direct guarantee. I think it is different but it may be that the banks would not consider lending at all unless they got a good return which disappoints me because banks are now making profits in excess of anything that is reasonable and rational but their excuse is they are forced to do so by the ridiculous federal policy on interest.

Nevertheless, I will leave the University portion, just indicating to the Minister that if there is something wrong with the procedure I think he would

be better off to let it lie until tomorrow to clarify it, but if there is nothing wrong then I have no objection to proceeding.

MR. RANSOM: Mr. Chairman, Legislative Counsel can't provide the assurance that the honourable member has asked for and, since he has raised the question and I can't provide him with the specific answer for it either, then I think his suggestion not to proceed further at this point would be prudent.

MR. DEPUTY CHAIRMAN: Agreed? The Honourable Minister of Finance.

MR. RANSOM: Mr. Chairman, the suggestion has been made that we could deal with the other sections and leave that one section and we have an amendment that could be dealt and leave the bill just at the final stage before being reported.

MR. DEPUTY CHAIRMAN: Section 8 . . .

MR. RANSOM: No, that's the one we're holding.

MR. DEPUTY CHAIRMAN: Section 9 — pass — The Honourable Member for St. Johns.

MR. CHERNIACK: I just want to confirm my impression that I have now received that the authority in 9 is specifically the final line under Schedule A. That's all.

MR. RANSOM: Yes.

MR. DEPUTY CHAIRMAN: Section 9 — pass; Section 10 — pass; Section 11 — pass; Schedule A. The Honourable Minister without Portfolio.

MR. MCGILL: Mr. Chairman, I move that Schedule A of Bill 48 be amended;

- (a) by striking out the figures \$33,350,000 in the first line thereof and substituting therefor the figures \$36,350,000; and
- (b) by striking out the figures \$75,150,000 in the last line thereof and substituting therefor the figures \$78,150,000.

MR. DEPUTY CHAIRMAN: Section 11 as amended — pass; Schedule A — pass; Preamble — pass; Title — pass.

BILL NO. 61 — SUPPLEMENTARY SUPPLY

MR. DEPUTY CHAIRMAN: The next bill, Bill 61. Page 1 — pass; Page 2 — pass; Preamble — pass; Title — pass. Bill be reported.

Committee rise. Call in the Speaker.

The Chairman reported upon the deliberations of the Committee of the Whole to Mr. Speaker and requested leave to report same.

IN SESSION

MR. SPEAKER: The Honourable Member for Virden.

MR. MCGREGOR: Mr. Speaker, I move, seconded by the Honourable Member for Dauphin that the report of the Committee be approved.

MOTION presented and carried.

MR. SPEAKER: The Honourable Government House Leader.

MR. MERCIER: Will you call Adjourned Debates on Second Reading of Bills Nos. 59 and 63.

ADJOURNED DEBATES ON SECOND READING

BILL 59 — THE STATUTE LAW AMENDMENT (TAXATION) ACT (1981)

MR. SPEAKER: Bill No. 59, The Statute Law Amendment (Taxation) Act (1981) standing in the name of the Honourable Member for Brandon East. The Honourable Member for Brandon East.

MR. LEONARD S. EVANS: Thank you, Mr. Speaker, I will be short. This bill, like most bills of this nature, Statute Law Amendment bills, cover a number of topics and among other things I see reference to changes in The Corporation Capital Tax Act, Metallic Minerals Royalty Act, Amendment to Minwral Taxation Act and then there's others; Part IV, Amendment to Mining Royalty and Tax Act, Part V goes on to other tax changes.

My concern was primarily with regard to mining development and mining taxation. I think my comments can be very brief and they relate to the effectiveness of taxation and royalties in terms of recurring revenue to the Crown; or putting it another way, the effectiveness of taxation or tax breaks to attract mining industries into the province. I suppose if you carry these to the extreme, Mr. Speaker, you could argue that a generous tax break might attract additional mining into the Province of Manitoba; or conversely, heavy taxes may discourage new mining development in the province; similarly with royalties, Mr. Speaker.

My own view is with regard to the taxation structure that we have; that really it has not been a disincentive in the past and similarly, I don't believe it is the so-called incentive today. I think specifically of the potash mine, I do not believe that the potash development with IMC has been essentially dependent on the tax structure. I suppose you could carry it to an extreme you could say well, the tax structure would have some bearing, but given the tax structure that we've had, given the tax structure that we will have, I do not believe that this is a critical factor in the decision made by IMC to go along with the Government of Manitoba in a potash development.

I believe a far more important factor was stated by the Chairman, the Chief Executive Officer, I believe, of IMC himself and that is, it was critical that the Government of Manitoba over the years had amassed a substantial amount of land, including potash, and that because this land had been amassed and had been in effect ready to be developed, that this was a major factor in IMC's decision to come to Manitoba at this time.

In addition, I believe a far more critical factor than taxation has been the price of potash mineral. I believe this is true also of the basic mining industry that we have in Northern Manitoba whether we're talking about nickel, copper, zinc or other minerals

that Manitoba is noted for and, that is the development of those minerals in Northern Manitoba largely hinge on international prices, and so go international prices for these metals, so goes the industry.

I think, we can look at Thompson itself, at the Inco operation in Thompson, and see the reduction in output in Thompson and I think, in large measure, it relates to the fact that the market has softened. I can't speak for the present time but I can speak for the past year or so. So I say, Mr. Speaker, that the potash development would have gone along regardless of certain changes in taxation.

I believe also that it was time for potash to be developed and, indeed, if IMC could have not been persuaded then some other company would have been prepared. And, indeed, one should not rule out the possibility of Saskatchewan Potash Corporation as a possible alternative if we did not have IMC, it's a possibility because I note, Mr. Speaker, from the information provided by the Potash Corporation of Saskatchewan in their 1980 Annual Report, comparing it with the 1980 Annual Report of International Minerals and Chemical Corporation, the Saskatchewan Potash Corporation is far larger in terms of potash sales. Of course, it's not as diversified, it's not into the other minerals and chemicals that IMC is but, with regard to potash at least, it is far larger and far more significant. So I suggest, Mr. Speaker, that there could have been a possibility that we could have gone along with the Saskatchewan Potash Corporation at some point.

The other interesting feature I might add, Mr. Speaker, about the potash development is that it, like most larger projects by multinational corporations, are not affected by interest rates. I just want to comment as a footnote that it is not for the interest rate level that this development doesn't seem to be hindered or inhibited in any way by the level of interest rates, potash development or any large project or any project — I shouldn't say any large project but any project by a large corporation — because the larger corporations have their own means of raising capital; large corporations also retain profits and indeed a great amount of development accrues from retained earnings. They do not necessarily go to the capital market to raise new capital for expansion. (Interjection)— They do get it from the market but in large measure, and you can look at the statistics, that the large oligopolies that we have around the world have accrued earnings and the accrued earnings are a source of development capital, retained earnings. In fact, some corporations never have to go to the market, they're so large that they simply are able to grow from the profits that they have been able to withhold, in effect, from their shareholders; they don't pay them all. They pay some dividends to shareholders but they do not pay all. So, to that extent I would go on, I don't want to complicate it, they should look at the opportunity costs. If they look at the opportunity cost, interest rates would have a bearing for them as well, but I'm simply making the point that the interest rate level is not as critical for the large corporation as it is for the small businessman or the agricultural producer.

So, Mr. Speaker, one could speak more about the particulars of the taxation amendments proposed

here but this was not my intention, I simply wanted to make this point that I have made and, that is, that the changes in taxation policy that we've seen have not really, in my judgment at least, been significant in the lack of development in mining in this province.

MR. SPEAKER: The Honourable Member for Rossmere.

MR. SCHROEDER: Thank you, Mr. Speaker. I have had some opportunity to look at Bill 59. It was only introduced last Wednesday for second reading and at that time the Finance Minister indicated that there were a number of changes of a technical nature and, when you start looking at these changes of a technical nature, we find that what in effect the changes are is a change taking potash and its taxation out of one Act and putting it into another. The Act under which it used to be or, I should say, the Act under which potash is currently taxed is an Act which the government now wishes to rename. They will take potash out of it and then they will refer to it as an oil and gas Act or something like that.

The Mineral Taxation Act is to be renamed under this new Act, The Oil and Natural Gas Tax Act; but under the Mineral Taxation Act potash is taxed at a very specific rate in this province. There's a calculation made in that Act as to what the current fair market value of potash is found on any mine site and that is done on a basis, I've done some calculations on this, but assuming a grade factor of 26 percent and assuming a market value of \$150 a ton, which is approximately what it is in Saskatchewan right now, you're looking at something like a \$500-and-some million evaluation on that potash today. That Act then goes on to tax potash based on previous year's production and, again assuming the Minister's figures of two million tons a year are correct, it taxes that potash value based on the formula in that Act at 8 mills; which can be changed from time to time because potash in that Act is the only type of mineral under that specific formula.

Well Bill 59, and the agreement with IMC, are completely interwoven because it is very clear that, with the agreement with IMC, this government wants to make potassium salts base metals, because they are taking potassium salts and moving them from a separate Act into an Act which traditionally has dealt with base metals and, of course, then they are turning around, just to make sure it doesn't look too ridiculous, and they are changing the name of that Act to conform with this new change. The Metallic Minerals Royal Act will be renamed The Mining Tax Act under this Bill 59 and they will add one mineral to it, namely, potash. Nothing else, they're not taking anything out of it; they're not adding anything to it other than potash. And why are they doing that? Because their agreement with IMC, their memorandum, their agreement to agree spells out the fact that the taxation of potash must be done on a basis similar to that of base metals, which have absolutely nothing to do with potash, but this way they can tie this in on a 40-year agreement; on an agreement for the length of the mine. The Minister of Finance is grimacing. If that agreement is for a five year term, as the Potash Resource Agreement in Saskatchewan is with the industry, I would be pleased to have him stand up and say so, or if it's 10 years or whatever the term is.

So then they move potash from the one Act, where you have a very specific rate of return on your resource, they move it into another Act and then they tamper with the formula; they tamper with the formula to reduce the amount that will be recoverable by the province.

The Minister of Mines is asking, where was it before? Well I believe I have the old Mineral Taxation Act here with me somewhere, whether it is here or not is immaterial. If the Minister in charge of mines does not know where potash is being taxed today — (Interjection)— I had already finished telling him and I, in fact, told him that it is assessed that you calculate the fair market value on a specific formula in that Act, in a Schedule to the Act, it's No. 3 in that Schedule, and you then tax it at 8 mills. He's taken it out of there and put it into another Act, or he's proposing to take it into another Act, and then he stands up in the House and says that there's an 18 percent tax on this.

But the fact of the matter is that it's not an 18 percent tax. First of all it's a tax on profit and, secondly, it's not necessarily a tax on profit as ordinarily defined. Certainly not as defined in The Income Tax Act; certainly not as defined by ordinary methods of accounting. For instance, ordinary methods of accounting, if you have a plant that is going to produce for 40 years, would be depreciated on a straight-line basis over the 40 years but under the definition of profits, under the new Act under which potash will come, under the definition of profits under which the potash will now come, they can take depreciation at the rate of 20 percent on a declining balance, 20 percent per year. There is another section in that Act into which potash is being brought under which it states, first of all, that there will be a tax on the profit of 18 percent; secondly, from that 18 percent they will deduct the lesser of the new investment credit or 50 percent of the 18 percent.

Now the new investment credit, assuming this plant will be \$600 million, will be \$30 million so that they can always deduct from now until the 40-year life of that plant has been completed. They will always be able to deduct that \$30 million or one-half of the 18 percent in any year, whichever amount is the lesser from their 18 percent and when they stand up and suggest that it's 18 percent of the profit, that's hogwash; that will never happen. There will be either \$30 million knocked off of it or 50 percent of 18 percent, which is 9 percent knocked off of it, every year, every single year.

Last year, and just to compare this, the Minister says but we're getting a 2.1 percent royalty on our potash. Yes, but we only own half of it and he doesn't know — I asked him earlier this evening — he doesn't know what will happen if the mine shaft happens to be on land, the mineral rights to which are owned by IMC; he doesn't know whether in that case, because the potash is coming out of IMC land, there will be an assumption, a unitization of the entire land and half will be deemed to be Crown potash and half will be deemed to be IMC potash. He says that's something to be worked out.

Well even if it is worked out and you get 50-50 and we start getting it in the first year, we only get it on one million tons, not on the two million tons, so it's 2.1 percent of one million tons and for the other

million tons we pay IMC. So what we have here, under this new Act of the government, is a deal where IMC pays the government 2.1 percent and then the government pays IMC 2.1 percent, so we're pretty well even on that deal; we haven't really come ahead.

The only other tax, other than regular corporation tax, is this so-called 18 percent tax which I suggest will not ever happen in the lifetime of the mine. Further I suggest that, with the ordinary depreciation clauses, it would take many years before it kicked any kind of money into the provincial treasury. Thirdly, the new Act into which potash is being placed has another deduction which wasn't in the old Act and that is the deduction of a rate of return on processing equipment. That rate of return is 8 percent of the amount paid for the processing equipment less any depreciation taken from that processing equipment.

Under the Act, as it is before this amendment was introduced, the deduction from depreciation is all of the depreciation taken; but under the new Bill 59, the so-called improvements to that particular Act, the government makes it clear that, in terms of reducing the amount of the original investment on processing equipment, the company need only deduct the amount of depreciation previously taken on processing equipment. Now it used to be that they had to deduct the amount of depreciation taken on both mining equipment and processing equipment. What this new statute law amendment will do is change that so the company does not have to deduct any amount of depreciation taken for mining equipment and that, of course, gives the company another advantage because what they will now do, because of this Bill, is set up two accounts; one for their mining equipment and one for their processing equipment and they will not reduce, they will not use the processing equipment as a depreciation item until they're forced to do so. For the first number of years they can use the mining equipment as an item of depreciation and use 8 percent of their processing equipment each year as a return on Capital without reducing the Capital Account of that processing equipment. This is a nice deal for the company, a great deal for the company, but how about for the Province of Manitoba, how about the taxpayers here, how about something for us?

Mr. Chairman, we have a number of other examples in this country where we can see what people are receiving for their potash. In Saskatchewan in 1979, under their Potash Resource Agreement, the average per ton received by the province before corporation taxes — and this is not including the Potash Corporation of Saskatchewan's profit — there was \$20.60 a ton. What we're talking about here is 2.1 percent is all we're going to get for the first probably 10 years or more, 2.1 percent of half of the potash which works out to 1.05 percent of the total and at today's price of say \$150 a ton that works out to just about a buck and one-half a ton. That's what we're going to be getting for about a decade from this deal and as a result of the bill that the government is putting before us tonight.

Now Saskatchewan isn't the only jurisdiction in the country that is dealing in potash. New Brunswick several years ago gave out a potash lease to IMC and they got 6.5 percent on a volumetric basis, as

opposed to our 2.1 percent. Now it is true that in that case IMC did not pay any other percentage tax, although one questions whether in fact they will pay very much of that in this case. Now in New Brunswick recently another lease was entered into by the government with another company, also at 6.5 percent, but with a 21 percent tax on profit on potash, in addition to the regular corporation tax. So, in addition to having 3 percent more, and I admit that I don't know the formula for calculation of profit in New Brunswick, but in addition to having 3 percent more than what this agreement has, it has 6.5 percent on the volumetric basis, as opposed to 2.1. So there's quite a difference between what is happening in New Brunswick, another Tory province, and what is happening here.

Now in Saskatchewan in 1980 I am told that the potash royalties amounted to some \$260 million and that's on a production of 8 million tons, which works out to over \$30.00 a ton. Compared to what we are getting here I am rather concerned that we are getting just an absolute pittance for the potash that we are basically giving to this company.

I have a lot to say as well when the opportunity will arrive with respect to that agreement itself, but on this bill the government is obviously doing everything they can to accommodate IMC. I think they must explain to us why it is that they are changing the formula for rate of return on capital on processing equipment to assist the company substantially. Is that something that was recommended to them by Robertson and Associates? I remind those on the other side that in addition to the taxation they had available to them under the old Act, in addition to that they always had the right to set in their leases whatever royalty they chose to set. Now at this time they have chosen to set 2.1 percent. There was nothing to prevent them from setting it at 6-1/4 or 10 percent or 5 percent and so there would have been two taxes available to them. They've chosen half of one and the other one has been set in such a manner that I believe that the taxpayers will not get any benefits out of this for many years to come and if, in fact, after calculating the profit in the way that they're entitled to do under the new Act, if in fact after calculation of profits on that basis — and I remind the House that before there's any profit there's a 5.5 percent ripoff to IMC Canada as a sales commission, even on potash sold into its head office. And this bill, by the way, talking about selling to head office, before this amendment is passed the Province of Manitoba is entitled to take its percentage of any resource in kind that was passed by the previous NDP Government, I believe it was in 1974, the government was entitled to take its share of the take in kind.

What does this bill do? It repeals that right for us, not only for potash but for all other minerals, because I suppose IMC didn't want that. IMC thought that would be something that would prevent these people, who are at least a good government following them, from selling its own one-quarter share of the potash. They thought that this 5.5 percent, which incidentally is not peanuts, it works out to \$16.5 million a year based on 2 million tons at \$150 a ton — that's not peanuts and that's off the top before this profit business is calculated — and they've changed the legislation so that we're not

entitled. That's what they're attempting to do here, they're changing the legislation so that the Province of Manitoba is not entitled, as of right, to take its 500 million tons and sell them in the way they see fit.

The Province of Manitoba, before we pass this legislation, would be entitled to go to the Can-Potash organization which sells basically the potash from Saskatchewan; it would be entitled to make a deal with Dennison Mines in New Brunswick; it would be entitled to go to any other country in the world to attempt to sell potash; it would have 500 million tons to sell if it so chose and if it so chose it would eliminate its portion of that 5.5 percent commission. But those members on the opposite side, the government, in presenting this bill are saying no, we don't want to do this; not only do we not want to do this we're going to pass an Act that says we can't do it. That's what you're doing in order to go along with any condition that IMC comes along with.

IMC I am sure is a good partner but IMC, I would remind the members opposite, is not in a desperate bargaining position. They've got more than 100 years of reserves of potash in Saskatchewan alone and they are a multinational corporation with potash reserves in the United States and other countries so they're not desperate to come to Manitoba. The only way they will come here, in fact, is if these people give them a really good deal and this is a really good deal. The more you look at it, the worse it looks. It's becoming more and more clear every day that with Bill 59 and the agreement that it's a giveaway, as opposed to any kind of a real business deal.

I repeat, that on that 5.5 percent, if the parties to the agreement and if the government felt that that 5.5 percent was a reasonable amount, then they wouldn't be changing this Act to prevent the government from taking its portion of the potash in kind; they wouldn't be afraid of that. But IMC doesn't want you to take your potash in kind because they can make five and one-half cents on the dollar simply by picking up the telephone, phoning Chicago and saying, here's another 500 million tons and we'll get 5-1/2 percent or \$16.5 million on the total sales from this operation and that's skimmed off the top. Then they come along with a further administration charge. They say, because of their know-how, because of their research and development, we should be paying them an additional \$1.10 a tonne.

What are they paying us, Mr. Chairman, for the 90 percent of the research done in that general area? That is information provided by the public to IMC. What are they paying us for that? A year ago the Premier was suggesting to us that the exploration work was being done by IMC gratis. The exploration work was something that they were throwing in. Now they come up with Bill 59 and this agreement, and this agreement requires that the Manitoba Mineral Resources Corporation pay for the exploration costs undertaken by IMC, or its portion of the exploration costs. But what happens, Mr. Chairman, when the government puts something in? We put in 50 percent of the leases, do we get 50 percent of the equity? Oh no, it's sort of like horse and rabbit stew at the restaurant, where the restaurateur says 50-50, one horse, one rabbit. They put in 50 percent and get 75 percent; we put in 50 percent and we get 25 percent and on top of that we put in information, they get nothing back; they put in information, they get \$1.10

a tonne; they get 5-1/2 percent on sales commission, buckshee — basically buckshee.

So, Mr. Chairman, when you look at the totality of Bill 59, what one must say is that we have to question why it is that this kind of a bill which they bring in right at the end, they pretend, but to my understanding of the ordinary statute law amendment type bills was that they were sort of technical in nature. They were housekeeping deals, they were just things that we don't have to worry about too much. I thought that was what statute law amendment deals right at the end of a session were all about. What is this one in fact they're trying to bring in, sort of slip in under the door? A change, a fundamental change in our taxation law, which brings potash out of the sunlight and into the darkness.

It used to be that there was a specific formula and we knew what it would be that an operating mine would pay for potash. If we pass this bill, we will be dealing with a definition of potash, which is peculiar to this Act, which even then is being changed in favour of the company and which requires that for many years, for many years we will not be receiving any rate of return at all other than that volumetric tax and which requires that we never ever will receive 18 percent of the profits even as defined in that Act. We will never receive 18 percent profits because they can always deduct the lesser of \$30 million or 50 percent of 18 percent before coming to that calculation, and so we're disappointed. We think in fact that this is another good reason why the government should bring forward the people involved in this transaction.

The Minister has indicated that he has computer printouts which show at what point we are better off and at what point we are worse off. I think he should show that to us; he's certainly not shown us anything here. He has information from Robertson and Associates, the consultants; I think that he should show that to us so that we can see whether we are getting into a good deal. (Interjection)— Well, Mr. Speaker, they sold the farm in 1966 and couldn't remember being to Switzerland, so lets not — (Interjection)— That's right, they couldn't even remember signing the agreement, so lets not talk about brightness and sunshine on that side of the House, there's not much of it there. They are using this, they are desperate to try to win re-election, they are hoping that somehow people will say, "My goodness, these people are developing the potash."

The people of Manitoba know that about 12 years ago potash was selling on the world market for \$20 a ton and it's now a \$150, and it doesn't take any genius to realize that's it an item that when it goes up is going to make this particular mine more attractive and if not, if there was no difference . . .

MR. SPEAKER: Pardon me, I would like to listen to the remarks of the Honourable Member for Rossmere, but I find several other remarks are interfering.

The Honourable Member for Rossmere.

MR. SCHROEDER: Thank you, Mr. Speaker. Well, the Minister — I'll let that pass and recognize that it came from high up in the Tory back benches

The Minister several weeks ago announced the Alcan deal. At that time he allowed us the opportunity to meet with Alcan representatives and

ask questions and we were asking why it was that we didn't have the same kind of an opportunity with respect to this project and the Minister said that this one is more straightforward. Well, if this one is more straightforward . . .

MR. SPEAKER: Order please. Order please. If members want to carry on private conversation, I suggest they leave the Chamber and carry it on outside.

The Honourable Member for Rossmere.

MR. SCHROEDER: This one, Mr. Speaker, is not straightforward. Just one example from that agreement which they require Bill 59 to get into, just one example. The Minister got up several weeks ago and announced that we have an option to repurchase 15 percent six months after start-up of production. When you start reading that agreement you will find that we do not have a right to exercise that option unless IMC says so within a five-year period and they can tell us what one-year period in that five years we can exercise that option in.

(Interjection)— That's right. So they can go into operation for 4-1/2 years under that agreement without the right, Mr. Speaker, to exercise that option and during that 4-1/2 years, you talk about having your cake and eating it to, the company is entitled to its 15 percent of the profit; it's entitled to its portion of its depreciation and on top of that when we exercise our option, we have to pay them interest from the date they first put in their first dollar, from the date they put in their first dollar. That's the kind of agreement these people are foisting on the people of Manitoba. It is incredible that the Minister can stand up and say in this House that we have an option to buy after six months after operations commence. He has an option to purchase, which IMC can tell him not to exercise until the year 1992. That is the kind of option this Minister has negotiated and that is why we are calling for some sunshine on this whole topic. We want to hear from IMC. We don't necessarily want from to hear the Minister, because his answers are very unclear. He's not sure of what will happen when you dig down, as to who gets what, that type of thing. We want to hear from the people who advised the government; the people who got an agreement prepared which says on the one hand that the volumetric rates would be based on regulations in effect in Manitoba, and then says on the other hand that if there are no such regulations then something else will apply. Now if Robertson and Associates don't know whether or not we have regulations which apply to potash, then I would hope that the Minister doesn't pay their bill. I do believe however that they probably do know and I think it would only fair that we be given the opportunity to talk to them.

This is an important matter to Manitobans. It is probably one of two or three at maximum potash mines that we will have forever in Manitoba. We know approximately what the formations are out there and we don't want to give this away. We have a responsibility to our taxpayers, to ourselves and to our children to make sure that that does not happen.

We as an opposition do not have — we admit that — we don't have all of the facts available to the government. You have that computer print-out which tells you that this is a good deal and we would like to

see that. You have the consultants' report, the legal reports. I am sure you have done some environmental impact studies. We'd like to see those before we rush into passing this kind of a bill.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. HOWARD PAWLEY (Selkirk): Mr. Speaker, I want to indicate that the Member for Rossmere, I believe, has very well exposed the nature of the bill which is before us and the fact that the bill before us contains in substance, Mr. Speaker, much more than what was indicated by the Minister in presenting the bill for second reading.

On page 3,672 of Hansard, May 20th, 1981, the Minister passed this bill off as an innocuous piece of legislation in that the Minister said, "Furthermore the bill provides for collecting a tax on profits from the mining of potash". Furthermore the Minister states, "Since the mining of potash will be taxed under The Mining Tax Act, the provisions relating to potash in this statute will be deleted".

Mr. Speaker, we sat on this side of the Chamber and of course felt that indeed there was little to the legislation that was being introduced by the Minister; that it was just one of these formal housekeeping, not-so-important pieces of legislation; that indeed it would not warrant much debate on this side of Chamber. That was, Mr. Speaker, the impression that the Minister of Mines, the Deputy Premier, left on this side of the Chamber.

Mr. Speaker, we became increasingly concerned when the Member for Rossmere commenced to do a lot of in-depth work pertaining to indeed what this meant. This meant by transferring from the oil and gas legislation to the so-called new Mining Act that the Minister makes reference to and the fact, Mr. Speaker, that in so transferring, rather than imposing a tax on potash which the Minister had so blithely stated in his introductory remarks, indeed had resulted in a give-away of large sums of taxation dollars that would otherwise have been charged under The Oil and Gas Act insofar as potash.

Mr. Speaker, what the Minister could have done if that was his intention, was to have indicated to this Chamber that indeed that was his intention. He could have indicated to this Chamber as the Member for Rossmere has done just now, that there were indeed grave implications insofar as the legislation that he was introducing; so that indeed, Mr. Speaker, we could have a full and complete debate insofar as the contents of this legislation. But did the Minister do so? Did the Minister clearly outline to the members of this House that indeed there was a substantial change; that there indeed was a giving away of an important taxation aspect insofar as the taxation of potash was concerned in the Province of Manitoba? Was there?

Mr. Speaker, the answer of course is, no. The answer of course is completely, totally, no. Mr. Speaker, if the Minister wishes to be open, if the Minister wants to ensure that we have all information in this House then let the Minister table in this House the consultants' report; let the Minister file in this House the computer print-outs so that we can examine the report; we can examine the print-out so that indeed, Mr. Speaker, . . . —(Interjection)— Mr. Speaker I sense that the Deputy Premier is his usual

thin-skinned self and that is not to be unexpected from the Deputy Premier. The Deputy Leader was just showing me a cartoon of the Honourable Don Craik from the Free Press which is somewhat revealing.

Mr. Speaker, I want to indicate that we will be voting against this bill. We will be voting against this bill on the basis that there is substantially much more within this legislation that the Minister proposed than meets the eye; that the Minister has not come open to the members of this Chamber; that he has not revealed the entire contents and the significance of the change that is contained within this legislation. Mr. Speaker, we will be voting as an Official Opposition against this bill and we will be continuing to debate this bill.

Mr. Speaker, what we look forward to is the Minister responsible for Mines speaking in this Chamber, dealing with the contents of the remarks that had been addressed to in detail by the Member for Rossmere. The Member for Rossmere has placed well in this Chamber substantial facts pertaining to the nature of this bill and it is for the Minister to speak up and to deal in this Chamber with the facts as revealed by the Member for Rossmere rather than to attempt to avoid the issues that are before us. So on the basis of the material and information that the Member for Rossmere has raised in this Chamber, on the basis of the inadequate information which we have received from the Minister responsible for mining, we will be voting against the bill.

MR. SPEAKER: Are you ready for the question?
The Honourable Minister of Energy and Mines.

MR. CRAIK: Before this nonsense goes on the record unchallenged, let me at least address two or three of the more top-notch kind of examples of blatant crap that's being put out from across the way. —(Interjection)— That's right, I am establishing the level because that's characterized a lot of the level that we've got from the Leader of the Opposition and from some of the members opposite in this session, Mr. Speaker, and this is again characterized tonight.

They want to try and find some degree of nonsense that they believe they can get away with and that they can establish as being a fact of life without anybody having an opportunity to challenge it. Well fortunately, Mr. Speaker, in this case I happen to be sitting here tonight and hear it, because that's exactly what it is. It starts out with the price of potash for goodness sakes, then it goes all the way down to trying to establish the fact that there has been something terribly wrong done in shifting something from one act into another act and thereby changing the taxation levels. Mr. Speaker, I can tell you that both of them are extremely wrong and they are extremely dishonest in terms of presentation of any degree of intellectual honesty to this Legislature

First of all let's just give you an example. The Member for Rossmere starts out and says the Minister says, you have the opportunity after six months to change things and now we find out it's five years. It has always been said that during the period of the first five years of production that the Crown has the option to opt for an additional 15 percent. The call is at the option of the company; the

Crown then has a 12-month period in which to exercise that option; it involves a lot of money. It involves \$150 million of money, probably at the price that's going to be at the time this mine gets into operation. The Crown is not going to raise that money overnight. The Crown needs time to raise that money. Those kinds of decisions — well the Member for St. Johns chuckles and giggles away, he could go over to Switzerland and raise it, no doubt, is what he did and he would do it without a great deal of forethought except it would all catch up after when he did his units of count issue and he would think nothing of it — but the fact of the matter is, it does take some planning in order to exercise that kind of an option; that is what this says; that there will be an option period during the first five years when the Crown can opt for the other 15 percent. Chances are, in the dollars that apply in the year of production of this plant that will amount to some \$150 million. In this year's dollars it will amount to perhaps \$100 million. It's still a lot of money in anyone's language. That is what the option is all about.

But the members opposite, since they're so separate they don't want to vote against the potash mine; they don't want to vote against development; but they sure want to vote against this government; they sure want to vote against anything in sight they can vote against because they have this doom and gloom syndrome that they're so preoccupied with, that they've got to find something to vote about and they have to vote no when they find it. So what does he do? He tries to establish the fact that maybe I suggested that there was going to be any time within six months after the thing came into production, that the government could opt for its 15 percent option. Well isn't that a kind of a weak reed to lean on?

Mr. Speaker, I think the Member is a lawyer and I think he can read agreements. When this was announced the agreement was tabled; he had it put on his table where he could read it; the members opposite could read it. There they sit. They can read it. It was given to them and it states very clearly, Mr. Speaker, that any time in the first five years after the beginning of production of the plant and any time after the first six months it can be exercised, it's at the call of the majority party and there is a 12-month period during which the government can exercise its option.

Now can they tell me, Mr. Speaker, that in total there is something wrong with that package? Can they really say that? No, they haven't said that. So in their inimitable style, in order to try and find something to vote against they have to try and say, well, we understood it was going to be after six months and now we find out that although it is after six months, it's at the call during the next 4-1/2 years of the other partner, the major partner, majority partner, and then the government has 12 months to exercise this option.

Well in total, Mr. Speaker, I think that's a pretty fair type of a package. It has a good deal to offer for both of the parties that are involved in that operation. Let us assume that it wasn't the government and it wasn't a private company; let's assume it was the Member for Rossmere and the Leader of the Opposition, who were going to ply a boat between Rossmere and Selkirk back and forth

on the Red River and wanted to work out this kind of an arrangement.

Mr. Speaker, I happen to think that with the option that is available for a 25 percent ownership, going to a 40 percent ownership with an option, once you find out how successful the operation is going to be, that happens to be better than putting all of your eggs in one basket at one time.

Mr. Speaker, I also think it happens to show that when you add up the taxation revenues that accrue to the Province of Manitoba through the other taxes that go along with it, I think you would find that it is not only a good option, it is probably the only option that one would select when one goes through all of the options that are available.

So rather than try and say that somebody has been dishonest because he didn't read his agreement, somebody has been dishonest because he understood that at any time after six months, that that poor lad who can't read well, who can't read the agreement that was handed to him on the day all this was announced, he has to look across the way and say that man was dishonest because he didn't tell me that it wasn't so, that any time after six months that I couldn't walk in and exercise my option.

Mr. Speaker, I think that in total, this is a pretty fair type of agreement for the people of Manitoba.

Now let's go back and ask the members opposite, and I know they don't want to get off this kind of a fetter that they are on, but let's go back and ask why they didn't do it back when they were in government. (Interjection)— I hear a voice that says we had a better deal. Mr. Speaker, then really what we are finding out is that a better deal is no deal and therefore the members opposite do not want to proceed with the potash operations. Now it's all coming out. (Interjection)— Well, Mr. Speaker, what we are finding out from across the way, that they had a better deal, but a better deal was no deal at all. So what they are saying is that they don't want a potash mine. They don't want a potash mine and therefore they are going to vote against it. They are going to vote against this bill —(Interjection)

MR. SPEAKER: Order please. Order please. If members want to carry on a private conversation, I suggest they do it outside this Chamber. It makes it difficult to carry on the business of the House.

The Honourable Minister of Mines.

MR. CRAIK: Mr. Speaker, I am not going to cool it for a minute, because I heard —(Interjection)— The Opposition is getting pretty desperate in their attack. Now they are also trying to suggest that what was given up, there was no recourse to potash in kind, and the member is trying to establish the point that all of this, you know, would have been very helpful if you could have taken potash in kind. There is potash in kind option in that agreement and, again, the member has not read it and he has again proven that he doesn't know how to read. We came into this Legislature, Mr. Speaker, on the Alcan Agreement and we gave everything we possibly could, plus an opportunity to go out and interview the people who were involved in it, because it was more complicated, Mr. Speaker, there were more facets involved than there was in this potash bill, which is much more closely related to a regular mining operation. This is

a regular mining operation. It's going to be one that's going to be a replica of others that have already happened elsewhere. It just happens that this government happens to be a little more aggressive about making things happen. (Interjection)— The Member for St. Boniface says more desperate. The only person who's desperate here is the Member for St. Boniface, because he's run out of parties to go to, Mr. Speaker. He can't even go to the Progressive Party because he knows they're a write-off already; he's too practical for that so he can't go there. Mr. Speaker, the Member for St. Boniface says desperate. Well, let us finish, Mr. Speaker, on this discussion.

This potash examination has taken a good two years. The aluminum examination has taken three-and-a-half years. It started within a month of the change of the government. Mr. Speaker, there are other studies. Mr. Speaker, the power grid study started a month after the government changed. Mr. Speaker, all of these things in the very short period of those studies are starting to show some fruit. Anybody who thinks in any way, shape or fashion that any of these are hasty decisions is badly mistaken, but they have been aggressive decisions that have been pursued aggressively, Mr. Speaker, and we're willing to take to the people of Manitoba as being good for Manitoba.

Mr. Speaker, we are happy to see the Opposition vote against this tax bill on potash because they are voting against potash. This tax bill, to repeat, what this tax bills does that the Minister of Finance has brought in, says that in addition to the regular corporation tax that is going to be paid by this company — and the Member for Rossmere picks out of context their first year or their second year, third year, whatever it may be, to try to make his case — it's like any other venture that is capital intensive, it doesn't matter whether it's mining or anything else where there is capital cost allowance going to be taken, you can pick out your first year and pick out your fifth year and you're going to find a very substantive difference.

Mr. Speaker, what this arrangement that has been arrived at in the potash instance, just for the repetition of the House, is that they are going to pay the regular taxes that any mining company would pay; they are going to pay the 15 percent income tax that goes on top of the 36-1/2 percent Federal income tax, less their resource allowance. They are going to pay, in addition to that to the province — the 15 percent goes to the province — they are in addition to that going to pay an 18 percent mining tax, based on income, that has been placed in The Mining Act because it has not been clearly defined before what they were going to pay, Mr. Speaker, and that is spelled out in the Minister of Finance's bill. They are in addition to that, going to pay a volumetric tax, Mr. Speaker. Those two that I have just described are identical to what any metallic mineral company in Manitoba would pay, whether it's copper or zinc or whether it's nickel. They are in addition to that, going to pay a volumetric royalty based on the number of tons of production that come out of that mine and based on the sales price of that mine. That volumetric tax is almost identical, almost the same as what is paid in Saskatchewan.

Mr. Speaker, the potash company therefore pays, in Manitoba, a mining tax that is the same as those

that are now in the metallic minerals production, whether it's Inco, Hudson Bay, Sherritt-Gordon, Tantalum, the rest of them, whatever it is that they are producing. In addition to that, they are going to pay a volumetric tax on roughly 50 percent of Crown holdings that are owned by the Crown, and they are going to pay to volumetric tax on that which is a direct tax on the tonnage of production and the sales price that is involved.

So, Mr. Speaker, I'm not going to try and keep up with all the inaccuracies that the Member for Rossmere, in particular, has been trying to put on the record, and I say trying to put of the record, because he has not put them on the record adequately. He has tried though to put them on the record and I think he has failed. Mr. Speaker, this potash operation is good for Manitoba. The tax returns that we have gone through, the calculations that we have gone through and the various approaches that we have gone through will prove, Mr. Speaker, that the return to the people of Manitoba in the long haul will be substantial, it will be good, Mr. Speaker, the return to the people of Manitoba, given the grade of the ore, and all other things considered will be every bit as good and better than can be expected in other parts of Canada and in addition to that, Mr. Speaker, when you combine the taxes that accrue to the province of Manitoba through the income taxes and all the other taxes that are applied and the economic benefits you will find a great deal of difficulty in demonstrating that this potash mine will substantiate your very negative, but characteristic, doom and gloom set of mind that causes you to vote against this potash mine by way of this bill of Minister of Finance has brought in.

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

MR. CHERNIACK: Thank you Mr. Speaker. Mr. Speaker, I listened to the Honourable the Minister of Energy, I admit with some difficulty because it was difficult to work through his abuse, his sarcasm and his attack, and his attack on a personal basis on individuals on this side of the House, ably supported by his clack behind him and beside him in supporting him in that way. He spoke about nonsense, he used language which is not normal in this House —(Interjection)—

MR. SPEAKER: Order, order please. Order please.

Members have the opportunity to take part in debate should they choose to. At the present time I recognize the Honourable Member for St. Johns and I hope that honourable members who wish to take part in the debate will be patient and wait their turn. The Honourable Member for St. Johns.

MR. CHERNIACK: Mr. Speaker, we're used to that kind of speech made by the Honourable the Minister for Energy who excels at that. But I still tried to listen to what he had to say on the practical basis and I only hope he is right. I hope the people of Manitoba will find that they made a good deal and that there will be good returns.

Mr. Speaker, having listened to the Member for Rossmere, having looked at the introduction to the bill by the Minister of Finance, I found nothing in his

introduction to indicate the effective change that is being brought about in this bill. There was no explanation. As a matter of fact as I recall I wanted to ask some questions he said, "Well, we can debate details on third reading." Mr. Speaker, it's not very satisfactory in the last few days of this Session to become deeply aware of the implications of the changes apparently proposed in this bill and I am suggesting, Mr. Speaker, we will not have that opportunity, we will not be able to ascertain just what are the implications.

Now just glancing at the agreement of which we received a copy dealing with possibly two of the items; one is the clause which deals with the acquisition of 15 percent which starts out as if it were really a powerful clause, "MMR and it's sole option," MMR being the Manitoba Mineral Resources, "and it's sole option shall have the right to acquire up to an additional 15 percent partnership interest or IMC," and then there is a formula calculation I frankly am not sure of the extent to which that is a fair formula based on the fact that apparently it's an option that can be exercised at some later date but does include the capital contributions, less capital distributions plus interest at bank prime rate. But then it says, "MMR's option to acquire such additional partnership interest may be exercised during a period of five years, commencing no earlier than six months from the date of commercial production. That could be all right, they say well after six months, the first six months the go into operation then they can do it. But the next sentence is one which I don't recall ever seeing in an agreement, I suppose maybe there's some precedent for it. There's probably a reason for it. I didn't hear that reason from the Minister of Finance. I didn't hear that reason from the Minister of Mines. I didn't hear the reason at all, all I heard was abuse. But that sentence reads, "IMC shall have the rights to designate by notice to MMR a time period of one year during which MMR may exercise its option following notice by IMC," which does apparently mean sometime between six months after the commencement of production and the five years that is referred to. The IMC shall determine the time period. Why is that, Mr. Speaker? I don't know. I suppose there is a reason. Reasonable people would want to have some sort of an agreement; whether it's a bad agreement or not, I can't judge, because we have not been given the information, Mr. Speaker. There is reference, the Minister said why there is provision for MMR to receive potash in kind, but what does it say about that? It says, and I'm starting in the middle of the sentence, "there shall be included adequate and proper safeguards to insure that the selling price will be no less than that of sales made to independent purchasers of comparable tonnage during any fiscal year. Then the clause says "In the event that the sales results do not so reflect, then MMR shall have the right to take potash in kind." So apparently there is some sort of a conditional aspect to it; I've not had an opportunity to explore it, but certainly there is a qualification only under certain circumstances is there a transfer of potash of in kind.

These indicate to me, and I've been listening to the Member for Rossmere, there are more reasons why I would like to know much more about this deal, Mr.

Speaker. What do we have? We have this memorandum of agreement; we have the glowing statement by the Minister of Mines, which when made indicated as if the deal was all set to go and we know it isn't. We have the attack he gave us today on the personal basis; we have his statement, "So you're voting against the potash by voting against this Bill." That's nonsense, we're voting against this Bill because the Bill is not clear, because the Bill does not reveal the true nature of it because the Minister of Mines in introducing the Bill did not explain it, that's why we're voting against the Bill. He cannot decide for us or even for the public that we are voting against the potash mine when we're indeed voting against the Bill. The Bill is not the permission to proceed with potash mine, because, Mr. Speaker, if it was we would have every right to demand that every bit of information available to the government should be made available to us so that we could study it, we could explore it and understand it. Mr. Speaker, he spoke about, or at least the Member for Rossmere spoke about printouts with projections; he spoke about advice given by consultants and, Mr. Speaker, we don't have that. Mr. Speaker, there is reason for us not to be prepared to accept what is said by the Minister of Mines.

For one thing, Mr. Speaker, we had a very bitter experience back in 1969 and thereafter, where unfortunately we believed statements made by the government, the former government of which this Minister was a member, and I don't fault this Minister for the deal that was made by the previous Conservative Government, because I think he became a Cabinet Minister late on in the negotiations. It's his First Minister that was part of the negotiations who signed a document which I am reminded he didn't remember having signed. Mr. Speaker, we found out then that much of what we were told turned out to be untrue. Unfortunately we did not know in time the full ramifications and I tell you, Mr. Speaker, I don't believe that the Conservative Government of the Day was deliberately falling into a trap laid by Kasser & Reiser & Company. They just didn't investigate it well enough; they didn't know the people with whom they were dealing; they relied on advice given by various people who turned out to be poor advisers and one of them was the Gordie Howe of the Government of Manitoba, and clearly I don't fault that government for accepting advice which they thought was valid. But, Mr. Speaker, they fell into a trap and they put Manitoba into a trap on that deal, and therefore we have a right to say we want all the information before we approve of the transaction. We learned a bitter lesson and so did the people of Manitoba, learn a bitter lesson at that time.

Mr. Speaker, the Minister of Economic Affairs asks if I ever heard of IMC. The fact that I didn't hear of it doesn't mean that it isn't a fine upstanding company, Mr. Speaker. Let me tell you and let me tell the Minister of Economic Affairs who was not in this House at the time the CFI deal was made that Ministers of the Crown brought in letters of recommendation on behalf of Kasser, Reiser. The Royal Bank of Canada no less quoted credentials that were given on their behalf. Mr. Speaker, there is reason to say that we are not bound to accept

statements made by the Minister of Mines or anybody else without the facts to back it up.

The way the Minister of Mines avoided telling us the truth about the Hydro dealings with their own counsel is enough evidence to indicate that we have every reason not to accept his statement. Mr. Speaker, it is a disgrace in this House that the Minister of Mines actually attempted to mislead us by obfuscation, by roundabout answers, by every effort he could make in order to avoid answering directly about the truth of his dealings with the Hydro Board, of his dealings with even a petty thing like the Annual Report of Hydro, a matter which is really . . .

MR. SPEAKER: Order please. Order please. I would hope the honourable member would stick to the subject matter of the debate.

The Honourable Member for St. Johns.

MR. CHERNIACK: Thank you, Mr. Speaker. I'm talking about the fact that the Minister of Mines as much as asked us to take his word for it that the deal is a good deal, and I'm saying I hope it is, but I've no reason to accept his statement that it is and I gave you a reason why I will not accept his statement that way, why I think we ought to be given all the facts so that we can form our own conclusions.

He referred to the Alcan deal. All I remember is that we were brought into a room and I didn't even know the press was barred from the room until the meeting ended; we were given an opportunity to listen; and we were given a folder of documents and we told, "Ask questions if you like." If that's the total exposure that we could expect from this government on its deals, Mr. Speaker, we're in trouble. Let me tell you when he talked about desperation he knows, as does every member in this House, how anxious we on this side want to go to an election. He knows as does everybody in this House how the opposition is most anxious that we submit our record and their record to the people of Manitoba, so that we can have them judge in the only proper way. If you call that desperation, Mr. Speaker, it is true we are desperate to get to the people and that's true, and, Mr. Speaker, the desperation, I believe, that exists is the desperation that breaks forth mega projects by announcements in advance, mega projects that are not yet proven, mega projects that are still a dream that may work out; I hope they do.

MR. SPEAKER: Order, order please. Order please. If the Honourable Minister of Highways wishes to take part in debate he can wait until the Honourable Member from St. Johns is finished.

The Honourable Member for St. Johns.

MR. CHERNIACK: Let me remind you, Mr. Speaker, in case you couldn't hear him, all he could do was to attack on a personal basis members on this side of the House. If he wants to make that contribution on his feet it would be to our benefit if he would do so, so that it would be on record the nature of the debate that he suggests to us.

So, Mr. Speaker, I'm saying that the government has a bad record; I think we all know that. I think members of the government know the record of unemployment; they know the record of a reduction in the standards of Manitoba economically in relation

to the average in Canada in relation to where Manitoba stood in relation to Canada; and I know that the distortion coming from the oil-rich provinces has made a distortion, but not so much. That government is coming with mega projects, and that's great if they are true. If they can be shown to be true, we would welcome them, Mr. Speaker, Manitoba needs them, but we cannot for good reason, which I've already enunciated, accept the word of that government that is good just because they say so. If it were true, it would be good for Manitoba. I remember the First Minister making speeches about mega projects, listening to one after the other saying that would be good for Manitoba. I believe it would be good for Manitoba if they were supported by facts and until we get the facts we cannot expect that the —(Interjection)— It's a good thing I can't hear the member for Roblin because I know he's talking nonsense anyway. Mr. Speaker, I am saying that until we are able to be shown material, shown the research material, shown the advice, that government has no right to expect us to sign a blank cheque, to rubber stamp their transactions without knowing the facts and the Member for Rossmere has tried for month after month ever since the mega projects were announced to get the facts and he still doesn't have them all. But to the extent that he has raised questions which are unanswered except by abusive response, that is the only response we have had.

So, Mr. Speaker, I'm sorry this potash deal may be a good deal; we can't say it is because we still don't know, but we're voting against this Bill and we're voting against the Bill because we have not been told the facts about the Bill; we have not been told the implications of the Bill and on that basis the government has not earned the right to have our support in that respect.

QUESTION put, MOTION carried.

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

MR. SPEAKER: Call in the members.

MR. SPEAKER: Order please. Order please. The Motion before the House is Second Reading of Bill No. 59, The Statute Law Amendment (Taxation) Act (1981). All those in favour of the motion please rise.

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

YEAS

Messrs. Anderson, Blake, Brown, Cosens, Craik, Domino, Downey, Ferguson, Filmon, Galbraith, Gourlay, Hyde, Johnston, Jorgenson, Kovnats, MacMaster, McGill, McGregor, McKenzie, Mercier, Minaker, Orchard, Price, Ransom, Sherman, Steen, Ms. Westbury.

MR. SPEAKER: Order please. I'd like to read to members Rule No. 40 of this Chamber. When The Speaker is putting a question no member shall enter, walk out of or across the House or make any noise or disturbance. Let the Division proceed.

NAYS

Messrs. Adam, Bostrom, Boyce, Cherniack, Cowan, Desjardins, Doern, Fox, Green, Hanuschak, Jenkins, Parasiuk, Pawley, Schroeder, Uruski, Uskiw.

MR. CLERK, Jack Reeves: Yeas 27, Nays 16.

MR. SPEAKER: I declare the motion carried.

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

MR. SPEAKER: Adjourned Debate on Second Reading on Bill No. 63, An Act to amend The Income Tax Act (Manitoba), standing in the name of the Honourable Member for Logan.

MR. WILLIAM JENKINS: Mr. Speaker, I adjourn this debate on behalf of The Honourable Member for Lac Du Bonnet.

MR. SPEAKER: The Honourable Member for Lac Du Bonnet.

MR. USKIW: Mr. Speaker, the bill before us essentially is dealing with the Tax Credit changes. I simply want to take few moments to remind the Minister of Finance that he is not convincing too many on this side with the proposition that he is going to kick in about a couple of million dollars to improve the Tax Credit Program in order to take away the political sting, Mr. Speaker, that this government suffered because of the changes that were made a year ago.

Mr. Speaker, the change that the Minister has proposed is not going to do a great deal, recognizing the fact that the people of Manitoba have had \$15,000,000 taken away from them by a reduced tax credit program which is the same as bringing in a new tax that would bring in \$15,000,000 worth of revenue. So no matter how you slice it, Mr. Speaker, the taxpayers of this province have suffered a net reduction of benefits or an increase in taxation for the last calendar year of some \$15,000,000 and to answer the criticism the government is proposing that a year from now they are going to give them a little bit of that back. Well, that isn't the case, Mr. Speaker, because a year from now when they file their tax returns they will get nothing back for the tax dollars that they have to pay for the taxation year 1980. But in fact they will be getting a different kind of rebate for the tax year 1981, but what they have lost they have lost forever. There is no rebate, no refund, no adjustment that is going to be made nor, Mr. Speaker, does The Minister convince us on this side of the House that the adjustments that are being made are adjustments that will result in equity and in fairness in terms of the rebate program. Mr. Speaker, I think that we've indicated a year ago that there were going to be great inequities in the tax rebate changes that were proposed then and we were proven right by the Minister's own admission, only one year later after he took out the \$15,000,000 out of the pockets of Manitoba taxpayers.

Mr. Speaker, I will predict now that he is not and will not be eliminating those anomalies that we pointed out or some of them and new ones that were not pointed out and I suggested to the Minister that if he wanted to use fairness and equity as a yardstick that what he could do is to allow for a threshold

figure below which people would not reduce their tax credit benefit. In other words an income figure based on family size or whatever, below which the 1 percent reduction would not apply. That would be the way to deal with it if one wants to deal with it on a progressive taxation formula, Mr. Speaker. The Minister has chosen not to do that but instead has thrown in a couple of million and made the statement that yes we have now corrected the situation, people will hopefully be satisfied when they file their income tax a year from now. Mr. Speaker, that is pure window dressing and nothing more and we recognize it for what it is. We know that it's the government's policy to not tax by way of progressive tax measures, Mr. Speaker, but is more interested in the regressive tax system which is traditional with Conservative governments in this province and we accept that as the reality of politics in this province.

But we also want to indicate to them that we will be fighting them on that issue into the election campaign, whenever they have the fortitude, Mr. Speaker, to call the election.

MR. SPEAKER: The Honourable Member for Roblin.

MR. McKENZIE: Mr. Speaker, I hate to delay the debate in this committee and the House on this subject matter. But I think it's time that some of the senior citizens of the province rise up and stand up and defend their position and what this government is doing for the senior citizens of this province. And I regret that there are no senior citizens across the way that don't understand what this Legislation is all about, or what the intent was on the White Paper. I don't have to apologize for members opposite but, Mr. Speaker, I'd love to meet the members opposite on the hustings in the next election on the White Paper and I'll meet you in any citizens home, senior citizens, any place across this province and defy you to stand up and vote against this measure. Mr. Speaker, I am a senior citizen and I fully recognize what this government has done.

Sure, there may be anomalies, there may be problems, but it's the first time that I've been in this House that a government has recognized the senior citizens of this province. So very briefly, Mr. Speaker, I stand up and stand behind the senior citizens of this province; I stand behind the White Paper, and I defy members opposite to vote against it. Thank you Mr. Speaker.

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

MR. RANSOM: Thank you, Mr. Speaker, I just wish to make a couple of comments. One relates to a rather dismal interview that the Leader of the Opposition gave on CBC radio last week, which he attributed some remarks to myself that I wish to correct now, because he had indicated in that interview that I had termed this program a disaster and that we had taken \$15,000,000 from the poor people of the province. Mr. Speaker, I simply wish to point out that that is one more or two more examples of the blatant sort of inaccuracies that we get from the Leader of the Opposition. It simply is not true, Mr. Speaker. One of the gentlemen who had called in and spoke to the Leader of the

Opposition at the time pointed out how he was an example of someone who had had his tax credits reduced and that he was a person who didn't require those tax credits because of the level of income that he had and recognized that the changes that the government had brought in were good.

I can say, Mr. Speaker, as I've said before that there were some problems which we have acknowledged. I can also say that the vast majority, the vast majority of the letters and calls that we have had relating to the program turned out that in fact the people were getting more money than they were the year before. But because the programs were delivered in two or three different areas they very often did not realize the additional amount of money that was gained for instance through the property tax credits. We find that the overall program of White Paper reforms have been very satisfactory, Mr. Speaker, to the people of Manitoba, very satisfactory. We have seen recently a review in the Globe & Mail from Toronto and previous to that a few weeks earlier a review in the Free Press both done by independent observers which show the advantageous position of taxpayers in Manitoba. The most recent one in the Globe & Mail shows that the taxpayers in Manitoba are second only to Alberta in the per capita tax load which they carry.

We're quite proud of the White Paper reforms, Mr. Speaker, which have indeed devoted money to those who needed it most and we are confident that the changes that are embodied within the bill before us will further help those who require it, Mr. Speaker, and will help to offset the major anomaly in the program as it existed previously.

MR. SPEAKER: Are you ready for the questions? All those in favour of the motion please say aye. Those opposed please say nay. I declare the motion carried. The Honourable Government House Leader.

QUESTION put, MOTION carried.

THIRD READING

Bill No. 62, An Act to amend The Workers' Compensation Act, was read a third time and passed.

THIRD READING — AMENDED BILL

Bill No. 39, The Ecological Reserves Act, was read a third time and passed.

MR. SPEAKER: The Honourable Member for Inkster.

MR. GREEN: Mr. Speaker, I believe that it should be a rule of the House Leader, that those Ministers who bring in unnecessary redundant and non-consequential legislation should as a consequence be required to repeal two bills presently in the Statute which are no longer of any consequence. I would suggest that that be a rule for bills such as has now been brought in by the Minister of Mines and Natural Resources.

ADJOURNED DEBATE ON THIRD READING

AMENDED BILL

MR. SPEAKER: Bill No. 42. The Honourable Member for Inkster.

MR. GREEN: I have nothing to say on this bill.

MR. SPEAKER: Is it the pleasure of the House to adopt the motion?

MOTION presented and carried.

THIRD READING — AMENDED BILL

Bill No. 56, An Act to amend The Education Administration Act and The Public Schools Act was read a third time and passed.

ADJOURNED DEBATE

CONSTITUTIONAL RESOLUTION

MR. MERCIER: Mr. Speaker, I spoke to the Member for Rossmere earlier and he's prepared to speak on the Constitutional Resolution in the name of the First Minister so I'd ask if you could call that motion.

MR. SPEAKER: On the Proposed Motion of the Honourable First Minister and the amendment moved by the Honourable Member for Inkster, the Honourable Member for Rossmere has twenty-three minutes.

MR. SCHROEDER: Thank you, Mr. Speaker. On the previous occasion when I spoke I dealt with some of the other matters, that is the amending formula, a matter of the Senate, that type of thing and what I had left for this evening is the question of the Charter of Rights.

We in the New Democratic Party, are proud to follow in the footsteps of J.S. Woodsworth, Frank Scott, Stanley Knowles, many of the founders of our party and in the footsteps of the Schreyer administration which indicated back in 1971 that it was prepared to recommend to the House the passage of a new Constitution for Canada including a Charter of Rights.

We are also proud to stand with those groups which have borne the brunt of discrimination in the past as well as with their supporters. Ethnic groups, the poor, churches, civil liberties groups, many of those people appeared before our committee and the committee in Ottawa to strongly endorse a Charter of Rights and we stand with them.

We note that many and other parties support the Charter, people who are with us today such as Joe Clark, Von Baird, Mr. Spivak, an indication that one of the Ministers of the Manitoba Government, the Minister of Municipal Affairs supports our position; certainly the late John Diefenbaker did. And again note that the Premier indicated that the build-up of jurisprudence in the last hundred years was one of the reasons why he felt we should not have a Charter at this time. I remind him that the Canadian Bar Association supports a Charter on principle and disagrees with the notion that it will somehow open the floodgates that that type of argument which has not in fact occurred in the many Western European democracies which have introduced a Charter of Rights especially since the end of the Second World War.

Some argue that the Charter purports to give rights which we already have. Of course that is not an argument that I am making that somehow it is

giving us rights. The argument that I make is that it is saying very specifically that there are certain fundamental areas into which no elected group or other group are entitled to tread when it comes to dealing with human rights.

We do not delude ourselves into thinking that a Charter will immediately solve many problems in this nation or that it in itself will make a great deal of difference to the lives of ordinary Canadians. We even concede that there may be some uncertainty initially but again we are not of the view that there is any substantial concern with respect to uncertainty in view of the fact that other countries have managed quite successfully to adopt Charters of Rights. In fact we have in our current Canadian Constitution, certain entrenched rights, so this whole concept is not totally alien as somehow been suggested by some of those opposing the Charter. We have had written into the Constitution for one hundred years things such as, this Legislature doesn't have the right to change the time between elections to more than five years unless there are certain emergency circumstances. We have certain specific rights written into the Canadian Constitution now with respect to language and that Constitution, the BNA Acts, have been amended many times by Parliaments and Legislatures and we would certainly hope that this time it could be done in a manner of consensus rather than the confrontation which is currently going on between the Federal and Provincial Governments.

Again the fundamental purpose of a Charter of Rights, is the statement that there are certain rights citizens have which cannot be taken away. For instance, each citizen in this country currently has the right to worship at a place of his or her choice, those who oppose this legislation which say that it is up to the majority to determine whether we want to continue with that particular right.

Now if I stop a member of the United Church from going to his or her church on a Sunday morning; I do that as a private citizen, he or she is entitled to take me to court to get an injunction to get damages and to prevent me from so doing in the future. If it is the government that does that there is no such right. The example of the Jehovah's Witnesses in Quebec is one which demonstrates that proposition that in fact a government can ride roughshod over the rights of minorities without a great deal, in fact without anything, being done by the minorities.

Now its not going to be the United Church or the large denominations that would be affected, it would be the small groups, it would be the little guy. And even if an election later on were to right such a wrong by bringing in a new government which would change that law and these things do occur, we do not believe that a majority should have the right to force its view on a minority on certain fundamental issues even for a period of four or five years.

We believe that when our constituency elected us they did not mean to give us the power to do absolutely what we chose to do. Rather we believe we have a mandate to pass legislation for the common good. It is recognized when such legislation is passed, on each and every occasion, some people are helped, some are hurt. It is up to legislators to make decisions as to what is and what is not in the common good or the common interest. What the electorate I suggest does not wish to leave

to the will of the Legislature is the right to discriminate on the basis of religion, ethnic origin, language, sex. We believe the electorate in electing us to this Legislature never once thought that they had given us such a mandate and are prepared to agree that in the event that any law is passed by us do in fact so discriminate. Any citizen should have the right to have such a law struck down.

Ever since the Second World War not only have individual countries adopted Charters of Rights, the international community has partaken of international conventions and treaties which protect individual human rights. We are, as Canadians, members of organizations which have approved certain of those treaties, and those treaties have given our citizens certain rights internationally, which they do not have domestically.

In the latest issue of the Canadian Bar Review, a lawyer has a lengthy scholarly article explaining to other lawyers how you go about applying to the international courts, the international tribunal for relief when you believe that your human rights are being violated in Canada.

The case of Sandra Lovelace is referred to there and he makes the point that she never went to one single Canadian court because there was no Canadian court that had any jurisdiction to deal with her complaint. Her complaint was that she was being treated in a manner different than had she been a male person, and she is before the international courts, which says something about our faith in our own judiciary. Why would we say that we are not prepared to allow our own citizens to appear before our own courts to deal with issues such as discrimination on the basis of sex.

We have ordinarily placed a great deal more faith in our judiciary in dealings between citizens than have the Europeans with their code of fine laws. We have allowed the judges to make laws for us under the common law system where statute law was non-existent and here, when it comes to citizen against government, the other side is saying, no, we do not believe the citizens should have that right.

We've heard the argument that people would rather have the right to lobby than the right to litigate. In our view the right to lobby is a perfectly reasonable right for average white middle class Canadian men, but it is not of a great deal of value to the minority.

An example of that again is Sandra Lovelace. The previous Minister of Indian Affairs promised that if he was re-elected as Minister he would change The Indian Act so that it would not discriminate. Was he re-elected as Minister, his government? No, that wasn't an issue in the election campaign. The election campaign was fought on other grounds. This type of issue, the protection of minorities, simply does not become an election issue.

The Japanese Canadian Association which appeared before the Parliamentary Committee in Ottawa pointed out that while racial animosity against the Japanese was very similar in degree in the United States and Canada, it was recognized by both the North American Japanese Community of the United States Government that the American Bill of Rights gave the American Japanese something which the Canadian Japanese did not possess. The Japanese Americans were entitled to court processes

under the Bill of Rights, which were not available to Japanese Canadians. As a result, after World War II, many Japanese Canadians were deported to Japan while Americans of Japanese origin were entitled to court process and as a result they were not deported. Again the right to lobby meant very little for a minority in a crisis situation.

It is our position that the Charter can be of great effect and protection against the whim of the transitory majority and we would further say that the need for protection of the minority becomes much greater during times of crisis and accordingly we believe it would be in the best interest of Canadians that protections we agree to during peacetime and during non-crisis periods should be rigorously applied during crisis periods.

I refer you to the remarks of Gordon Fairweather, Chairman of the Canadian Human Rights Commission, and, of course, he is a supporter of the Charter of Rights. He mentioned the fact that he had, as he felt, wrongly voted against The War Measures Act. He felt he had been stampeded into it in a moment of passion in the fall of 1970, and he feels strongly, as we do, that a Charter can protect against such transitory whims of the majority.

The role of the courts under an entrenched Charter is not to determine our basic rights, it is to interpret the Charter, and that is something that can be done by the courts in a very simple fashion or a very difficult fashion depending on what kind of ammunition we give them. If, as we have done with The BNA Act, we don't give them an written amending formula, then we are going to have judges all over the place wondering what exactly the amending formula is. We will have judges saying its one thing and we will have another judge saying its another thing, but if we had an amending formula, then that would not be an issue. So if you want to be specific in the Charter you can be specific, if you want to use phraseology that has not been used in the past, it has not been litigated, then Parliament has that right and they know very well that when they do that, that they are giving the courts to make the interpretation. But even after the courts make the interpretation, if the politicians believe that they are wrong, then they are entitled to change the language of the Charter to make it in accordance with what they believe they had passed in the first place or to change it for that matter by formula, whatever the specific formula might be under that Charter.

We've heard something about the United States and it would be my view and in fact the view of many liberals of the United States, I'm talking about small "l" liberals, that the Supreme Court of the United States in general, rather than dragging its heels on issues of Human Rights, has been in the forefront and possibly sometimes ahead of the Legislatures. There are many that would argue that schools would still be segregated and "Whites Only" employment signs would abound in the South were it not for the court decisions in the 1950's and later. I in fact believe that respect for human rights does not necessarily increase with passing time, that it's a cyclical phenomenon. So it's not necessarily correct that in a matter of years down the road that things will get better rather than worse. They can get worse. We had other people telling us that a Bill of Rights doesn't work because Russia has one, and it still persecutes its Jewish citizens.

We had another person quoting at length from the Russian Bill of Rights; it was our Attorney General. I would suggest that such statements and quotes do prove absolutely nothing. It is not because of the Bill of Rights in the Soviet Union that people are being persecuted; it is not because of the Bill of Rights in the Soviet Union that dissidents are exiled, imprisoned. It is despite that and it is not only despite that, but the notion of a Bill of Rights, an entrenched Bill of Rights and a dictatorship are mutually exclusive terms. I think any Democrat would understand that. Any Democrat would understand that if you have a dictatorship that writes the rules and doesn't give any kind of right of access to the courts or any system for the public to protect themselves against the excesses of that dictatorship, that it's hardly worth even commenting on other than for the fact that it was commented on by people previously and especially in our Committee Stage while we were listening to the public.

Mr. Speaker, having said that we support the entrenched Charter of Rights, we have said all along since last October that we have serious concerns about the method used by the Federal Government, which is a departure from all previous experience with our Constitution. We recognize that it may be that our Constitution now is such that in fact an address by the Federal Parliament and Senate together are sufficient to allow Westminster to make a change to the Constitution. The Attorney General is shaking his head. I believe that more judges have said that is the case than have said that it isn't. If it is the case, it is regrettable because that is contrary totally to the concept of a Federal State. It is only consistent with the existence of a unitary state, because if Ottawa on its own can make amendments to our Constitution without some form of consensus from the provinces, then of course Ottawa can abolish the provinces and that is certainly an abhorrent notion to a person who believes in federalism. (Interjection)— Well, Mr. Speaker, the Minister of — I can't remember — indicates that that's what I want. I would suggest to the Minister that if he stops to think about it for a minute, if that is what we now have as our amending formula then at least once it will be back in Canada, it will be a new formula which will never again at least allow the Federal Government to do what it is doing this time. That is, theoretically the Federal Government could this time bring the Constitution back and leave the amending formula as it is, in which case it could amend it at any time in the future on its own without address to Westminster and without request for consent from the provinces. That in fact is what the amendment by the Member for Inkster would accomplish. We are opposed to that particular power being left with the Federal Government if the Federal Government currently has that power, and that is something that we will hear about shortly from the courts.

MR. SPEAKER: The Honourable Member from Roblin.

MR. MCKENZIE: Mr. Speaker, I've been awaiting for the opportunity to speak on this resolution for a long, long time. Maybe because I'm a senior citizen now; maybe because I'm a staunch federalist; maybe because I'm a realist Manitoba citizen; maybe

because I'm a member of this Legislature; I don't know what the reasons are but my conscience tells me that I have to stand up and speak on this resolution and put the wishes of the people of the Roblin Constituency, which I think I represent, on the record and support the resolution of the First Minister of this province and I in most cases can support the resolution of the Honourable Member for Inkster. I had enough time to deal with it clause-by-clause but I have a heck of a time voting against the subject matter which the Honourable Member of Inkster has put into the record on this very important matter.

Mr. Speaker, the Honourable Member from Elmwood can talk question all night, because what I want to put on the record is the tragedy that we face in this province and this country because members opposite, the New Democratic Party, and where they are going to lead this country in a disaster position and they haven't got a crutch to lean on, they don't have any policies, they don't have a leader, they don't know where they're going, they're walking around the wilderness and I want to put on the record. I want to attack the Federal Member for Dauphin that represents me in this Constitution in my debate.

So, Mr. Speaker, I shall not get into all the reams and documents and records that have gone into this debate for years and years and years. I only have reams and reams of information that cross me. I have a letter here, Mr. Speaker, from a lady from — (Interjection)— dozens of letters, from Quanita Appleby, who happens to live in the east. (Interjection)— Quanita Appleby is her name, lives in the Ottawa area. Here's what some of the people are saying about the position of the New Democratic Party and Trudeau, on this package: "Since you have assumed the right to destroy this country, I assume I still have the right to voice my opinions on your actions and attitudes." I support that great lady from the east who had the courage to stand up and put her name on the record and tell. She says: "I've never protested and generally elected Members of Parliament until this past year." She goes on to say, "I've always been proud to be a Canadian, . . . with no axe to grind. However, when you degrade every tradition in this country to ensure yourself a place in history, I object."

And that basically, Mr. Speaker, is where I draw the line, and support the Member for Inkster, my Leader, that I object to some of the shenanigans from the New Democratic Party in this debate and the way they've conducted themselves in Ottawa and in other places across this country on this subject matter.

Mr. Speaker, I don't know, I wonder why . . . I'll give you my family background. My mother came from Ireland, my mother and all her ancestors. My father and those sides of the family came from Scotland. Those people have lived here in this country for all those years of the history of our country. A great country, we've made great steps, we're a great family, we're all dedicated people and we're happy with the Constitution that we live under. Now the Honourable Member for Burrows laughs. Show me any jurisdiction in the world today that has the quality of life that we have in this country, in this province today; show me one jurisdiction.

(Interjection)— And now the Honourable Member for Fort Rouge. So she may want to go back to New Zealand, that's fair ball, but why change what we have in this country today which has been so good for my family, which has been so good for all the people that I represent in Roblin Constituency over the years? You show me one person today in Roblin Constituency who wants to move out of this country. None; none. Well, why change it? Why not leave it as it is? Why change it? They're happy over those 114 years that they've been in this country. Most of the people in Roblin Constituency, Mr. Speaker, have come from all the jurisdictions; they're a mosaic of many many people from many lands. They've made this province a great province. They've made Canada a great country. They served in the First World War; they served in the Second World War, to put Canada's colours all around the world. Why change that tradition? Why change the courage and the skills and the talents of those people for this Trudeau package that now is before us and he wants to tear this country apart and make it sort of a banana republic?

Mr. Speaker, the people that I represent don't want any part of that package at all. Why should we? You give me one good reason, Mr. Speaker, as we said in this House tonight, even though the hour is 12 o'clock at night. Why should we change all those traditions? Why should we change when we're the envy of the world, just for the wishes of some unilateral policy package that this great man that the Liberals have put in running our country. And that's a unilateral package, remember that. It's not agreed by the provinces. There are eight provinces in this country today that don't agree. I don't know what you hear, Mr. Speaker, or I don't know what the members of this Assembly hear tonight. But I hear in the grapevine down the streets of the city today that the straw vote is going to be a very interesting one. I'm sure the Member for Fort Rouge has heard some of these straw votes. It's very very interesting what's coming out of the east in the last couple of days, especially over the weekend. I suggest that you get to your listening posts and hear what's happening and if that happens, if that straw vote is accurate, then I wonder what's going to happen to the Honourable Member for Fort Rouge, or the Honourable Member for Burrows, who's still chuckling in his place and still likely supports, or what is he laughing at in my remarks, because I'm very sincere.

Mr. Speaker, the unrest that we have in the world today; do you see any unrest in this country except for the Constitution that we're fighting in this country? There's no unrest in Canada, except on this issue. Look at the violence that is taking place in the world today, Mr. Speaker. All around the world every day, every time you turn on your radio, turn on your television, there's violence. Somebody's trying to upset some kind of a type of government or what? There's no violence in this country. If there's any violence it's the violence over trying to change the Constitution of this country. It's not the violence of the people or the form of government or the taxes that we are paying. It's violence because of the fact that we don't like what this Prime Minister and his New Democratic friends in Ottawa are trying to do to our country.

Mr. Speaker, I see the Saskatchewan position. Why are the members opposite, the New Democratic members opposite, voting against the Saskatchewan position? If there's any way we're going to make this country great, make Western Canada great, we've got to work with Saskatchewan. And here we have the Leader of the New Democratic Party and his colleagues opposite voting against Blakeney's position and there it is; read it. And they're standing up and voting against their colleague on the next border. We in this province are working with the province of Saskatchewan on the power grid. And here they are mouthing against Blakeney, mouthing against Westernism, mouthing against all the things that make this country great and making the country, look, here is the New Democratic position out of Ottawa, but you don't see our friends from Saskatchewan that pulled out. Their names are not in this document. Why wouldn't the Member for Elmwood tell the people in his own constituency that there are New Democratic people in Ottawa that have the guts and courage to stand up and say, look Trudeau, we don't want a part of that package, we're Westerners. We believe in this country, and there it is. Oh sure, he stands up, but let's clear up.

But basically, Mr. Speaker, I want to get back to the member that represents me in Dauphin Constituency, a chap by the name of Laverne Lewycky. And I want to put on the record some of the remarks that this member that represents me on the Constitution, and I hope that he stands up in Ottawa and espouses himself. He's not telling the people in Canada that he represents me or the people that I represent in Roblin. But, Mr. Speaker, it's interesting how this learned Member of the Parliament from Dauphin has gone down there and made himself a great figure and put these remarks into the records of Canada. And why would he do that? I suspect, Mr. Speaker, he never even wrote a note about the Constitution, in fact he didn't even want to even have any part of it, until I started writing articles in the local papers and smoked him out. So now he has come out full boar, this learned member.

Mr. Speaker, I feel obligated at this time to express some thoughts on what is facing the people of this province and Canadians especially after reading Mr. Lewycky's column in the Dauphin Herald. He writes in the Swan River Star at times, he writes in the Grandview paper, he writes in the Roblin paper, he writes all over the place. Mr. Speaker, may I suggest to the members of the House and to you, Mr. Speaker, it's frightening to me that some Members of Parliament especially this chap Lewycky, had such a distorted picture of Canada's federal system; I just can't believe. Where has this man been all his life?

Perhaps, Mr. Speaker, the Trudeau constitutional package which has been supported by Broadbent since a way back and other members of the New Democratic Party, would suit countries I suspect like, oh, France maybe, or England, and it's quite possible it would. But to try and put that package in this country, Mr. Speaker, I say it's ridiculous, it's absolutely ridiculous. And he's not telling, he's not telling the people. (Interjection)— Well, formaldehyde; for who? The Member from Elmwood is asking for formaldehyde. For who, sir? —

(Interjection)— On this subject I'm sure you want to cut it short; I recognize that route.

But, Mr. Speaker, perhaps the Trudeau constitutional package which is of course supported by the Honourable Member from Elmwood, and I'm not sure about the Honourable Member from St. Boniface; I wouldn't want quote him. Of course, the Honourable Member from Elmwood is the only Member over there from the New Democratic Party tonight. The Progressives are well represented. But, Mr. Speaker, I'm not espoused why the package wouldn't work across this country; I'm sure the Member from Elmwood knows that quite well. With the ten provinces, the vast from Victoria to Newfoundland, it certainly may work in England and France but it sure wouldn't work here.

But anyway, unfortunately, Mr. Speaker, this constitutional debate contains a sort of disturbing element. That's the one that the Premier of this province has stood up many times and he calls it the big lie technique, and it's been used many many times. The big lie, Mr. Speaker, is being perpetrated by people who are determined to undermine the rights and privileges of provinces under the federal system. And that's where I'll lay my fears of the federal member from Dauphin, Mr. Lewycky, who is not representing me but he's doing those things. Of course, as I've said the most recent example of this was a column by Lewycky from Dauphin in a recent edition of the newspaper.

Mr. Speaker, for instance, Mr. Lewycky argues that Trudeau's constitutional package is a Made in Canada package because it appears to have the majority of the support of the Members of Parliament. Now does the Member for Elmwood believe that, or the Member for Rossmere believe that? Is that a fact? I'm told the great Member for Dauphin is a member of the cloth. He's a clergyman of some background, as I understand, and he's putting those kinds of statements in the record, Mr. Speaker? —(Interjection)— I wonder, I wonder, because it simply isn't true, Mr. Speaker. It simply is not true. Eight of the ten provinces of this country, Mr. Speaker, oppose the package and under the federal system under the conditions of The BNA Act upon which we have prospered for the last 114 years, provincial rights and privileges can be diminished by the federal parliamentary system alone. Approval of the province or provinces affected is required. (Interjection)— I agree, I agree. But when I hear from the straw vote that's coming out of the east today, it looks like the decision is an interesting one.

Anyway, Mr. Speaker, that principle is firmly established in The BNA Act by the Fathers of Confederation for a very good reason. Great distances and great economic, social and cultural differences exist among the creeds of Canada rendering it impossible for any single government to reflect adequately the legitimate expectation and aspirations of the people from all parts, from Newfoundland to Vancouver Island, Mr. Speaker.

So thus Canada is, and I say, Mr. Speaker, is the government of two levels of government, federal and provincial, each sovereign in its own jurisdiction and each has its own rights. Generally speaking, Mr. Speaker, the Federal Government has jurisdiction over matters of mutual and common concern to the

people in this particular area, in my constituency and in the communities of this province. It's important at the same time, Mr. Speaker, to understand that the powers of the Provincial Legislature which is the House which we sit in here this very night, Mr. Speaker, are not delegated powers and they cannot be altered, Mr. Speaker, diminished nor removed by the Federal Parliament of this country. And that's what the people of the Roblin Constituency stand for and that's what they support and that's what would like me to stand up and espouse to this House tonight.

Let me give you a very quick illustration Mr. Speaker, of the significance of federalism. Imagine if the provincial government promised, as the Federal Government did promise, massive rapid transit grants and never sent the cheques, and I guess the NDP wing of the New Democratic Party had a weekend conference and they got into the transit grants in the city. Supposing those Federal Transit Grants were never sent. This Legislature, nor any of us, nor could any Provincial Government cancel it, as Ottawa cancelled it. The Community Services Program, the RCMP debates that we're having that's going on at this time without 30 days notice etcetera etcetera, Mr. Speaker.

Why would the Member for Fort Rouge stand up today and say we have to honey to attract the federal people into this debate about sharing the services of this province. You mean to tell me we have to bow to our knees after 114 years and walk down to Ottawa with a pail of honey and a whole bunch of bees to get the Federal Government to recognize that we're here. (Interjection)— Well, that's what the Member for Elmwood is supporting and the Member for Dauphin, Mr. Lewicki, is supporting in this Constitution Debate. Mr. Speaker, while the Federal Government may be sitting thousands of miles down there in Ottawa, it's certainly capable of making decisions that turn down the sharing grants and equalization grants, they're prepared to do that and they can do it. But, Mr. Speaker, they could cut programs without ever facing the consequences that we in this Legislature have to stand up who are closer to the people than they are.

Of course, that's why I say, Mr. Speaker, the people of Roblin Constituency say that The BNA Act was drawn up in such a fashion that it's why Canada as a federal system is the best system as opposed to a unitary state for a country large and diversified as ours. Mr. Speaker, this learned member now in Ottawa from Dauphin, Mr. Lewicki, he further perpetuates the big lie by suggesting that the people of Quebec voted for constitutional change when they voted against the Party Quebecois Referendum. Can you believe that?

Why it is then that the Premier of Quebec, Mr. Levesque, and the Leader of the Opposition, Mr. Ryan, and the man who lead the two sides of the Referendum both reject the federal proposals and they say no to the concerns.

Mr. Speaker, I'm sure the member for Fort Rouge can answer that question. She is a more learned person of Liberalism than I am. Certainly the Liberals in Ottawa never received a mandate from the people of Roblin Constituency, Mr. Speaker, or they never received a mandate from this Legislature for the

kinds of constitutional change they have suggested and they are trying to reflect on the people in my constituency and the people in this province. When did they get the mandate to do it? Can the Member for Fort Rouge, who is the only Liberal in the House, tell us when did Trudeau get the mandate to make these changes? Can you recall was he every granted that mandate?

MS. WESTBURY: February, 1980.

MR. McKENZIE: What a dream] What a dream] That must give you sleepless nights, I am sure. The people of Roblin Constituency don't say February 1980, Mr. Speaker. Mr. Speaker, as a member of the caucus of the government side in this House we've always favored the patriation of the Constitution and the amending formula. Any other change of the Constitution, as I say Mr. Speaker, and the people of Roblin say, must be made by Canada in Canada by Canadians.

If there is anything wrong with that, why would the Member for Fort Rouge and her Liberal friends want to go over and make all these changes in England? Bring them over here, we're all for it, and make the changes in this province and this country. That's what we're asking for; that's what we're asking the Member for Rossmere to support; that's what we're asking from Elmwood to support; that's what we're asking the Member for Elmwood to support; that's what we're asking the Leader of the ND Party to support. Why wouldn't you support that? I don't know, Mr. Speaker. Why wouldn't my federal member, Mr. Lewicki, support that position? He apparently doesn't. Is he afraid that I will not support him if he did that?

Mr. Speaker, this approach would avoid the divisiveness that is surrounding the constitutional talks that we have in this country today; it will avoid the divisiveness that we have in this House. Is there any problem with that, Mr. Speaker? It's not a problem. All you have to do is stand up. But as long as the Federal Parliament of Canada, ably supported by the New Democratic Party and those members opposite across there, ignore the sovereignty of this province and ignore the sovereignty of the people of Roblin I represent then I'm going to stand up and fight, and fight and fight till I can't breathe no more, because this province is sovereign. It's in the Act; it was there 114 years, and we are going to say in Roblin, "Leave it alone, don't muck around with it. Unless you can stand up and get our support and give us a chance to help you we don't want no unilateral package by the NDP and the Liberals to change the Constitution the way you're doing today in this country.

Mr. Speaker, I briefly close off my remarks, I'm alarmed, I'm concerned as a citizen. I'm 67 years old in a few months but this country has been so great for so many people for decades, known all around the world, and these Mickey Mouses over here and my federal friend in Dauphin sided by Trudeau and his henchmen want to tear this country apart, divide it for thousands of reasons and put it back into a banana republic. Mr. Speaker, the people of Roblin Constituency and I will stand up and support the comments of the Member for Inkster, the Premier of this Province till we can't breathe in supporting their position on this constitutional debate.

Thank you Mr. Speaker,

MR. SPEAKER: The Honourable Member for Winnipeg Centre.

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

MOTION presented and carried.

MR. DEPUTY SPEAKER, Mr. Abe Kovnats (Radisson): The Honourable Government House Leader.

MR. MERCIER: Mr. Speaker, I move, seconded by the Honourable Minister of Finance that this House do now adjourn.

MOTION presented and carried and the House accordingly adjourned and stands adjourned until 10:00 a.m. tomorrow morning (Tuesday).