

THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Monday, April 17, 1972

BUDGET DEBATE

MR. SPEAKER: The Honourable Minister of Finance.

HON. SAUL CHERNIACK, Q. C. (Minister of Finance) (St. Johns): Mr. Speaker, I do look forward to the opportunity to respond to some of the remarks that have been made by members of the House. I'm sorry the Honourable Member for Minnedosa is not here because when he spoke this afternoon he reminded me of the first speech he made in the House, and over the dinner hour I went back to read it, and to read those portions which appear on page 121 which deal with his hopes of being able to carry on meaningful discussion and refraining from characterization of members as being "bomb throwing radicals determined to undermine prosperity". He said that although he might think that we are wrong headed or maybe bull headed, that nevertheless he will try not to slander or attempt to misrepresent them and he spoke some words which I thought were the kinds of words that should have been spoken and should be spoken every so often to remind us that we are people sent here by our constituents in the expectation and hope that we will debate matters of policy, matters of philosophy, matters of principle in a dignified manner and one in which we can have some meaningful exchange. I have the right, speaking on the Budget as I do, to depart somewhat from the actual meat of the budget, but to speak as an individual who has recognized in himself as well as in his friends in this House, a real deterioration in the manner of debate and the level of debate. I accept full responsibility for the fact that my style has suffered and I share with my colleagues in this House, and I mean all members of this House, what I think is a general lowering of debating standards.

There has been personal abuse of members of the House, one to each other; there has also been outspoken criticism verging on abuse of people outside of this House who cannot answer. I speak of civil servants - by name, by position. There has been a great deal of attack on the integrity of people, on their honesty; words like deception and hoax and fraud have become pretty common around here, and I accept the fact that I too have participated in that and this is a form of recognition at this stage which I'm making. I'm making it consciously and feeling that it's overdue on my part and I would like to think that I will try to conduct myself a little bit better both in decorum and in style. I hope that this may in some way prompt others to do the same.

I think, Mr. Speaker, that we've gone through this debate, we have heard amusing and entertaining tales and comments, funny stories. We have also heard a great deal of discussion on statistics, on figure juggling; there's been ingenious and sometimes ingenuous figure juggling, some bad arithmetic. We have been deluged with statistics and I will tonight also deal in statistics, because unfortunately you can't ignore them. The fact however is that you can misunderstand them, you can misinterpret them and in the end every man has to, for himself, accept these statistics as being valid or not.

Actually I don't believe that this debate has been too helpful. I think that there has been a good deal of illogical argument. There has been preaching of doom. There has been some fear mongering and yet there have been matters raised which should be answered and should be answered on the basis that they were raised in all sincerity and with conviction. I want to thank those members who participated in the debate, and many did, and for points which were raised which should call for a rather meaningful response and of course calls for a reassessment of approach to government, to budget and to the philosophy. It was the Member for Lakeside today who talked about the differences in philosophy and spelled out what he thought were the differences.

Well dealing now with the budget speech itself and the budget itself, there has been statements made by members in opposition that this forecasted early provincial election, that it was an election budget and although the Premier has stated time and again what his position is on the term of office that he feels we are obliged to hold, nevertheless the opposition seems to remain unconvinced. What amused me was the Member for Portage la Prairie who made some statement about this -- he objected to the budget being political. I have yet to see a budget statement which was not one which presented political thought, political philosophy and indeed was a political document. To me it must be so.

The Brandon Sun referred to the budget and I'd like to quote it of course because I think

(MR. CHERNIACK cont'd) it's worthy of quoting. It starts out by saying - it's the issue of April 10th, 1972: "It may well be as Conservative Leader Sidney Spivak and Liberal Leader I. H. Asper were quick to note last week when Finance Minister Saul Cherniack brought down his budget that Ed Schreyer's government is getting set for an election. Never mind, such comment is the sincerest form of flattery for the budget in its own quiet way reflects the conservative mood of both the spending estimates and the Speech from the Throne. It should please far more people that it dismays". And I think of course that the people whom it did dismay were the members of the opposition. But this budget wasn't really designed to please or to dismay, it was intended to help the people of Manitoba. It's natural that it should please them. It is unfortunate that it dismays the opposition. It's unfortunate, too, that every time this government undertakes another major initiative in its program to redistribute tax burdens that it is interpreted as a pre-election tactic. Because to my way of thinking, Mr. Speaker, every budget speech is in itself a statement of policy and principle which will be assessed at the next election, and the extent to which a government carries out its undertaking is also a preparation for an election. Certainly I would think that this government in August of 1969 was preparing for the next election because it was ready to say to the people when the election would come that this is a manner in which we are carrying out our undertaking. So our intention is not to work from election to election, our intention is to work from year to year, from program to program at all times with careful planning and being sure that we can implement our program to the extent that our revenue position permits and to the extent that our capacity enables it to happen. We've worked in a systematic way to improve the quality of the economic and the social environment in Manitoba since the day we took office, and will continue to do so, Mr. Speaker. So the opposition did have good reason to be dismayed by this budget as it did with previous budgets.

Last year as I indicated during the budget speech, the opposition accused the government of manipulating its estimates, of presenting a false picture of the financial position of the Province of Manitoba. They said that we had overestimated our revenues, that we had underestimated our expenditures, that in fact we were going to end up with a deficit this year. I have already had the occasion to tell them that their predictions were completely wrong and that this will be shown as soon as we are able to bring our year-end work to a conclusion. So that this year there have been similar arguments presented and I have only to say that again they are wrong and that in the normal course we will be able to make a report which will show the kind of budgetting that we are now forecasting.

I want to deal -- well I will deal later on with the Leader of the Opposition's talk about "mortgaging the future", a phrase which he may repeat time and again but that doesn't make it right. It's just more trite and it's insulting in the potential of the people and the economy of Manitoba. But I don't want to dismiss all the opposition comments as entirely negative. In fact I want to thank the Leader of the Liberal Party for his initial reaction where he said, according to the Free Press issue of April 7th that "it's a good people's budget, the best budget an NDP Government could produce". He was quite right and we thank him for that acknowledgment. Indeed it was a people's budget - as every one of our budgets have been and as every one of our budgets will continue to be - a people's budget. And may I comment from my side of the political spectrum that we are a people's party -- and judging by the nature and content of the opposition's comments during this debate, which of course includes the contribution made by the Honourable Member for Lakeside, I would think that we may well be the only party in this province to which the needs and rights of people do come first.

MR. SPEAKER: Order.

MR. CHERNIACK: The Member for Lakeside supports my contention that we are the only party, that -- and let me repeat the words I used because I happen to have written them down -- to which the needs and rights of people come first. And he rose quickly to agree and is agreeing now. Well the two local newspapers, the Tribune and the Free Press did make comment on our budget. I think that the comments were as favourable as one could possibly expect of the two newspapers, the Tribune editorial which is rather lengthy speaks of -- that's April 7th, 1972 -- speaks of the budget being a blend of political palatability and fiscal realism. They go on to say that it went one better than avoiding increases in sales, corporate and income tax, it indeed brought in the education property tax credit plan which it describes in detail and praises. And concludes --(Interjection)-- it was written by a gentleman named Harry Martin who is the editor of the Winnipeg Tribune and who I think is well-known, at least

(MR. CHERNIACK cont'd) to me, for his political philosophy and I prize all the more the fact that I know who wrote this editorial. I'm sorry that the Member for Lakeside didn't happen to know who wrote it. "All in all", the editorial says, "all in all the budget appears to be prudent and conservative by normal political and economic standards". I know that the Honourable Member for Lakeside will be furious because there may be people behind me who will be accusing me of having brought in a prudent and conservative budget. Nevertheless I did that and the editor of the Tribune who concludes with the words: "his optimism" -- speaking of my optimism. I'd better read it, it sounds better: "Mr. Cherniack may be depending heavily upon a general upsurge in the Canadian economy which will be reflected in the greater prosperity in Manitoba". And the editorial concludes, "But his optimism may be just the tonic we need at this time and that kind of tonic was not brought forth from the people on the other side". Well one of the newspapers of Winnipeg showed a cool approach but even that is much warmer than what we've learned to expect in the past.

I can't help but feel that one has to go to Toronto in order to have an assessment of what it is that our budget looks like. The editorial --(Interjection)-- Does it? The Toronto Globe and Mail editorial of April 8th has already been referred to in this House but it does deal with what is entitled "The Manitoba Way" and the Leader of the Opposition who did refer to what I suppose one would call the Ontario way, he must be tired of hearing this editorial from the Globe and Mail, nevertheless I think I'd like to quote a few passages for the benefit of all our friends on the opposite side. And I quote: "We hope that whatever the differences in political philosophies involved the Manitoba Budget brought down Thursday by Finance Minister Sa¹ Cherniack will be required reading at Queen's Park". The editorial went on to discuss how Ontario's new taxes on liquor and tobacco will lead to increased profits for producers and retailers while our tax increases will result in no spill over. That means that the general revenues of the province will receive the full benefit of the changes. The editorial also noted our decision to exempt beer and table wine under \$3.00 which is in contrast to Ontario. And the editorial concluded that -- well it concluded saying, "Did such a gesture even occur to Treasurer Darcy McKeough and the mandarins of Queen's Park when they were preparing a budget that hit hardest at the little man than any other sector in society?" That's their comment, I don't share it necessarily, I don't speak of it as a gesture, I only refer to it because the Honourable Leader of the Opposition and the Member and others did make reference to the Ontario Budget and following their lead I propose to do so from time to time as I speak this evening.

The Honourable Member for Charleswood is suggesting that I don't look up but talk to them and I want him to know that my wife is in the gallery and she's much more attractive to me than is any other person in this gallery. So if I happen to look up, I do want to look at the time to see how I'm doing but I'm more anxious that in my glance around the upper gallery I can see more than just the face of the clock.

Mr. Speaker, I thought that members ought to have a review of the tax relief measures that we are now involved in, because I believe that although there's been a generally good reaction to our budget there has been some confusion and misinterpretation involving the technical details of our plan to reduce the school property tax. And I understand it's justifiable because in this year, 1972, there will be two plans operating which will provide relief in respect to the 1972 school taxes. Some of the confusion is not justified; I believe it was deliberately created by the opposition to discredit our efforts to provide tax relief. So far, Mr. Speaker, they have not succeeded in discrediting our intentions but they have at least partially succeeded in obscuring the details of the two plans to the extent that some Manitobans aren't certain how they can take advantage of the plans to make sure that they'll receive the full benefit to which they are entitled, so I want to describe the two plans so they'll be clearly before us.

The first of the two plans which will reduce 72 school taxes is the School Tax Reduction Plan. It was approved last year by this Legislature to be effective this year. Under this plan every Manitoban who pays school taxes directly or who pays rent on property which is liable for school tax will be entitled to a reduction in his 1972 school taxes equal to one-half of the taxes up to a maximum of \$50.00. For homeowners, the school tax reduction will show up as a special deduction from his total school taxes in his tax bill which will be sent out this summer. Now he may have to look for it, Mr. Speaker, and he may only look at the bottom line or the amount payable. If he does he will not realize and see what is there clearly before

(MR. CHERNIACK cont'd) him, and that is the Provincial Government's contribution to the taxes payable by the people who pay school taxes.

For renters, the system will be a little different. Their school tax reduction entitlement will show up on their landlords' tax bills and their landlords will be required to pass this benefit on to their tenants either in the form of a straight payment by cash or cheque or in the form of a rent reduction in one rental period. To simplify the administration of this Act we have decided that the renter's residence on September 30 of this year will be the residence for which he will receive his school tax reduction benefit. And, Mr. Speaker, it is our intention to amend the School Tax Reduction Act at this session to improve the administration of the plan and there will be therefore an opportunity for this House to discuss it more fully later. In the meantime I do want to stress several important points.

Firstly, the School Tax Reduction Plan will not be superseded in the current year by the property tax credit system which we've announced in the Budget. Both plans will apply to the current year - to the 1972 school tax year. The school tax reduction benefits will be received this summer and early fall. The revenue positions of the municipality and school boards will not be affected by the plan because they are given no revenue whatsoever. The Honourable the Attorney-General when he spoke on the budget spelled it out quite clearly I believe so let me only repeat the statement that the School Board will strike its budget. It will send in a bill for its budget to the municipality; the municipality will calculate on the mill rate basis the amount of taxes payable for schools. On the basis of that calculation and the formula which we presented to them they will then charge to the Provincial Government the amount which would be otherwise payable by the taxpayer had we not made this contribution, and therefore the school tax payable by the taxpayer will be reduced to the extent that the Provincial Government will send a cheque through the municipality. So that a man who is being charged \$100 for education property tax in this year, his contribution from the Provincial Government would be \$50.00. The School Board will be requiring from the municipality \$100.00. The municipality will obtain \$50 from the Provincial Government, will obtain \$50 from the taxpayer, will send that \$100 to the School Board. I'll come back to that again so it is absolutely clear. It's complicated for the Member for Lakeside and that's why I promise to come back to it again. -- (Interjection)-- Yeah.

The municipalities only role in the school tax reduction plan will be to administer it through their property tax billing system. So that's the one plan that will be in effect this year in 1972 against 1972 taxes.

Now the other plan will also apply to 1972 school taxes and it will apply over and above the school tax reduction plan which I've just finished describing. But for administrative reasons which I've already explained to the House, it's benefits won't be received until the spring of 1973-about a year from now. As I indicated in my Budget Address, the education property tax credit plan for 1972 will be based on two things: First, 1972 school taxes, and second - and very very importantly - the 1972 taxable incomes - and that is the important distinction between plan No. 2 and the plan No. 1 which we passed last year. A vital distinction and one which we think really turns back the suggestion by the Leader of the Opposition that we should be continuing this plan No. 1 which we brought in last year. It does not take into account taxable incomes or incomes at all except to the extent that one can assume that a wealthy person pays more property taxes. The Leader of the Opposition is shaking his head. I know he's dying to interrupt but I appreciate the fact that he doesn't. He says he didn't say it but I believe that in what he spoke about he talked about full tax relief in two areas - that is the pensioners and the farmers and then he said "and continue the school reduction plan that we now have". That's my interpretation of what he has been saying. And I'm saying that that school tax reduction plan doesn't take into account incomes.

Now depending on a person's taxable income for 1972 and the amount of his school taxes for 1972 that a person will be able to claim - that person will be able to claim a credit ranging generally from \$50 to \$140 when his or her 1972 income tax return is filed in the spring of 1973. Such a person will receive his tax credit benefit in one of two forms. Either in substantially reduced 1972 income taxes or in a refund cheque to be sent out by the Federal Government which will operate the plan for Manitoba. Those persons who would not normally be required to pay income taxes and thus would not file returns will be encouraged to do so if they have paid school taxes or rent simply to ensure that they will receive a refund cheque. Now as I say, Mr. Speaker, it will be necessary for these people to file returns in order to comply

(MR. CHERNIACK cont'd) with the requirements of the Department of National Revenue who will administer the plan for Manitoba.

Mr. Speaker, the buffoon of this House, --(Interjection)-- the buffoon of this House is now waving flags for our entertainment and what I think would be more useful is to refer to comments that were made by other members of the House --(Interjection)-- I think the Honourable Member for Rhineland is right, and in the light of what I said earlier I would rather withdraw the remark. I hope that will be acceptable.

Mr. Speaker, we have had reference by several members of the 12 or 14 page form which is expected to be required in the coming year.

Mr. Speaker, I want to make it absolutely clear that the tax forms that we have all become accustomed to -I say "we all" because all of us earn sufficient monies so that we must deal with the forms and complete them. Those tax forms will have a couple of very simple, very simple requirements. They will require a statement of income, they will require a statement of amount of credit payable. A person who today does not file tax returns does not file tax returns because he's not taxable because of his limited income. There will be very little for him to show as income in the 14 pages of that tax form. There will be a volume and there will be very little for him to show, because if the honourable member wants to send me the forms across I'll be glad to review them for him and maybe teach him something about dealing with income tax returns. Because, Mr. Speaker, the income of a person really goes into one line unless he has various forms of income. If he has business income, business expenses -- now here for example and I just picked up these sheets -- statement of capital dispositions. Now how many people will fill out capital gains. Capital gains requirements, that's one of them. Statement of income and expenses; expenses, accounting, legal collection, advertising promotion, automobile expenses, business tax fees, Canadian Pension Plan contribution for employees. This is a sheet that will not be looked at by the people who don't file tax returns. --(Interjection)-- Yes.

MR. ENNS: Would the Honourable Minister agree that most serious minded citizens when asked by their government to answer these questions won't worry themselves about how they should answer them?

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, we've been promised full co-operation from the Department of National Revenue who is certainly fully familiar with all the problems and that there will be clear indications that if you are not liable for income tax, state your income on line number so and so and fill out the tax credit form for the Manitoba Government tax credit if you were a resident in Manitoba on December 31, '72. Statement of income and expense; statement of real estate rentals; capital costs allowance; medical expenses and charitable donations; statement of real estate rental, that's a duplicate form so that we've been waving duplicates. Child care expenses; additional personal exemptions; statement of investment income; detailed tax calculations; that's this bundle that's been waved at us, and a pensioner will not have a thing to fill out on these forms. Except a pensioner like the Honourable Minister of Labour, he will, and he doesn't send in these many pages unless there is something to fill out in them, because he has a very simple form to fill out and it so happens that the honourable member was nice enough to send it to me. It's a form which requires the name and address - yes it does - the mailing address of other than that one. Is this your first income tax return? If no, state the year for which the last return was filed. That's very difficult of course. Were you married, a widow, divorced, separated, single, were you self-employed. And then on the inside, Mr. Speaker, it's a long page but it says, income from employment, pension income - and that's exactly the one line that'll be filled out by the pensioner. Investment income would be nil. If there was an answer then these forms would have to be filled out, and in the end it'll be pension income or it'll be income of another simple form and at the bottom it says, "taxable income" and when that is calculated after the exemptions are taken, then there will be a very simple form to be filled out.

Now the Honourable the Member for Lakeside who is no doubt one who serves his constituency well will be the first to be able to say to his constituents, "if you've never filed a tax return before because you don't have an income that is taxable, it's very simple I'll be glad to help you out".

In the preliminary discussions we've had with the Department of National Revenue, we are satisfied that the tax form which has to be completed for the credit will be a simple form,

(MR. CHERNIACK cont'd) simple enough so that anyone will be able to fill it out, but where there is difficulty, I am sure that not only members of the Legislature, but very many well-meaning people in the province, including the people within government itself and this civil service group that they speak about, would be only too happy to co-operate with people of low incomes in order to see to it that they get proper credit on the tax plan. So you can make it as fancy as you like. I can assure you, Mr. Speaker, that we expect it to be one of the simplest forms of application for tax credit.

Another way of course might be to take a census list and send cheques, send cheques indiscriminately, send them to all, send them to the rich, send them to the poor and that that would be a way that might be simpler. Although then of course the Honourable Member for Lakeside will start waving all the envelopes that he will have received marked, Mr. Harry Enns, and he can tell me how many there are in Manitoba; I would guess there are more than one or two. --(Interjection)-- Yes there are a couple and each of them that I know is very near and dear to most of us. I'm told now that I was right in saying "most of us" because not all of us apparently are prepared to join in that description.

Now, Mr. Speaker, that form as I say will be simple, there will be plenty of help across the province to get it completed and it will be a direct benefit to those who have never filled out a tax return and who are not income taxable, they will actually get a cheque. As I stated, the 1972 school tax reduction plan, the plan I described earlier that'll mean benefits up to \$50.00 for homeowners and renters this summer, will be terminated at the end of this year. After '72, this much larger education property tax credit plan will remain in effect. And as I've emphasized earlier, both plans will apply to 1972 school taxes. So in effect Manitobans will receive what will amount to double benefits and in most cases more than double benefits for 1972.

Despite what some of the members of the opposition and some editorial writers have suggested, that termination of the school tax reduction plan at the end of '72 and its replacement by the Education Property Tax Credit Plan will definitely not result in any pressure on municipalities or school boards to automatically raise property taxes in '72. And let's get that clear. I described that the plan which is in operation this summer will in no way be a factor in the determination by school boards of what their requirements are for this year, because they will not be receiving money from the Provincial Government in that way. They will receive it of course by the increased contribution under the Foundation levy. But the school board will not receive any money from this plan in 1972, so that the drawing up of the school board requirements will have nothing to do with the expectation of whether their taxpayers get \$1.00 or \$1 million from this tax credit plan. The school board will requisition its money from the municipality, it will get its money from the municipality. In 1973, the same will apply. The school board will not have to change its manner of assessing its needs. It will assess its needs, it will requisition the money from the municipality, it will get its money from the municipality, the municipality will have received its money from its taxpayers, the taxpayers will then be able to apply and get their credit from the Provincial Government through this scheme.

So that any suggestion that what we are doing in this year, that will take place in this summer and fall or will take place next spring, will in no way have made any change in the school board's method of calculating its requirements. Now it may be suggested that maybe suspicious people will suggest that school boards will immediately try to swallow up any monies that their taxpayers get back by way of reduction. Well, Mr. Speaker, I've been a member of a school board, I do not believe that school boards are that casual and that irresponsible. I do believe they have great demands and I do believe their demands are increasing and I do believe that something must be done about it but I do not believe that they just automatically say Good we'll grab some money because we see it's available to us. The Honourable Member for Swan River says it's been done already. Well then I would think that the people who elected those school trustees will get after them and have a pretty hard and serious talk because they are elected people just as are those of us who sit in this House.

Now from here on in after this year, and I mention now again that we have decided to carry forward the plan of '72 even though it's being replaced by the other unlike Ontario - and I recall the Leader of the Opposition thought that the Ontario plan was continuing this year. I have to assure him again that the Ontario plan which they had for 1971, the property tax credit plan which they had then, I forget its name, is not being carried into '72, it is being

(MR. CHERNIACK cont'd) replaced by the education property tax income tax credit such as ours for 72, payable in the spring of 73, and Ontario is not carrying forward into 72 the plan which we have brought in and which we are carrying forward. That's why I say that in this year, 72, there will in effect be a double benefit or better.

Now the problem of the school escalating costs is another problem and it's not one which I believe is caused by our plan at all. Although as I say some suspicious people might, with justification about some trustees, accuse them of swallowing up this tax credit and that is a matter between them and their electors, but it is a matter in which this province has great concern because the escalating costs in education like the escalating costs in health, are matters that should concern all of us.

I was not present at an interview apparently which the Minister of Universities and Colleges had with one of the members of the press gallery but there was what I think a very important discussion which took place describing the kind of things that the province is now trying to explore with school boards. Leading from that is an editorial that appeared in the Winnipeg Tribune on April 15th, and I quote a portion of that: "There is increasing concern in Manitoba that normal increases in school board budgets may effectively wipe out any direct benefits taxpayers receive from the tax credit plan". And I depart from my quotation by saying "normal increases in school board" is the word used and I would agree that normal increases are matters of concern. The Tribune's political columnist, Frances Russell, elsewhere on this page discloses that both teachers and trustees have come to realize some form of controls are needed on education spending. "The provincial government intends to exploit this enlightened attitude by instituting next year a form of supervision over school board budgets short of outright control. It hopes that by consulting with the school boards about their final budgets and pointing out areas where savings can be made without harming the education system the upward spiral of school costs can be checked". Now this is a hope and an expectation but it is of course far short of a compulsory review of budgets of school boards. I for one would not run away from the thought that I don't believe this government has reached the stage where it is prepared to recommend that.

The Leader of the Opposition had suggested that our plan for providing these tax credits to Manitobans will be ineffective and he said it should be withdrawn. Instead, he said, we should replace our plan with a flat rate rebate scheme similar to the one now in effect with special modifications for pensioners and farmers to cover all their education costs whether they need the assistance or not. Many of us can still remember the Minister for Labour who was talking that as one of the persons for whom the Honourable Leader of the Opposition was planning to give benefit, he was not prepared to accept it. Well this is a little surprising to me and was, Mr. Speaker, in view of the Honourable Leader's repeated praise for the fiscal policies of the Ontario Government. If the Leader of the Opposition feels that our plan represents something that is contrary to his political philosophy perhaps he should communicate with his colleagues in Ontario and attempt to ascertain why the government of that province dropped its flat rate reduction scheme at the end of last year and opted for a tax credit plan within the income tax system. In fact he doesn't even need to communicate with them because I would like to read to him from the Budget. I know he has a copy of the Budget but I'm not sure that he read this precise portion so I want to read the portion of the Budget of the Provincial Treasurer of Ontario. "The Ontario Government will introduce this year a property tax credit plan which relates the property tax burden borne by each taxpayer in Ontario to his ability to pay as determined under the personal income tax system. For three years Ontario has pressed the Federal Government to incorporate a credit against property taxes within the basic income tax system." May I say parenthetically that the Province of Manitoba has joined with Ontario in these discussions with the Federal Government. And I return to the quote: "Now the Federal Government has agreed to administer this plan beginning with the 1972 taxation year and the Ontario Government will finance it for the benefit of Ontario taxpayers". I'm continuing to quote. "Our property tax credit plan has one primary objective, to produce a fairer and more progressive distribution of the property tax burden borne by individuals and families in Ontario. It will replace the basic shelter grants which have been in effect since 1968 and deliver relief from the regressive property tax according to individual needs." And more details appear on Page 79. That last quote was from Page 12 of the Ontario Budget. "Analysis of the incidence of property taxation in Ontario has confirmed that it is regressive over much of the income scale and extremely so for the lowest income groups. The Ontario

(MR. CHERNIACK cont'd) basic shelter grants have partially offset this regressivity by providing a flat amount of relief to all taxpayers on the basis of average municipal taxation. However this program was not adequate enough either in terms of vertical or horizontal equity. It did not provide sufficient relief to the lowest income groups, nor did it provide equal treatment of taxpayers of similar economic circumstances. The clear thrust of permanent reform therefore must be to link property tax burdens directly to the ability to pay of each individual and family in Ontario." So the Ontario Government has decided to adopt the tax credit plan which in many ways will be similar to the one outlined in our Budget for Manitoba. And yet the Leader of the Opposition says you better withdraw that plan, it won't work. The Member for Lakeside, I think he's the deputy leader of the party, is waving forms at us and saying, this won't work. And his counterparts in Ontario seem to think it will work. They seem to have more confidence in the system than do the members of the Opposition Party.

Well both plans in our case will be related to property -- I mean both plans, the Ontario and ours will be related to property taxes and to the ability to pay. Both plans will take effect in the spring of 1973 though they will both be related to 72 incomes and property taxes. And both plans will be administered through the federal income tax system. But there are two key differences that we see which weight, which weight the plans somewhat differently. Firstly our plan will provide more assistance to those in lower income groups than the Ontario plan, about \$20.00 more on the average; and second, although Ontario has already abandoned its old flat rate tax reduction program Manitoba will maintain its school tax reduction program for 72 as an interim measure, as I've already said.

Well I would have thought that if our government's argument in favour of the new tax credit plan didn't convince the Leader of the Opposition that he might at least have accepted those of the Progressive Conservative Government of Ontario, but no. The Member for River Heights says that our tax credit system will simply mean that tax money will come out of one pocket to be returned to another. And the Member for Riel nods his head. Well the fact is the cost of the credit system will be borne by those who can most afford to pay and will provide the most benefit for those whose incomes aren't as high. And there is a redistribution of pockets. For some reason or other the members of the Opposition speak of "the" taxpayer of Manitoba as if they are one person with one pocket or with two pockets, one on the right side of their trousers and one on the left, and therefore when you speak of one taxpayer there is a transfer from one pocket to the next. But there are many many many pockets in this province, Mr. Speaker; and there are many pockets in this province that are empty in this province; and there are some pockets in this province that have ample ability to help redistribute. And if only the Member for Lakeside would turn my way when he's interrupting at least I'd have the benefit, or otherwise, of what he is saying. I'd rather he didn't say anything but if he had to say something his boom would be better if it were directed in this way.

Well, Mr. Speaker, if, if the Leader of the Opposition and his colleagues had their way, if indeed there was a transference from one pocket to another of the same taxpayer then there would be a few people in Manitoba with pretty full pockets and a great great many with empty ones. Well the Leader of the Opposition and the farmers whose pockets are empty will have something to help them in their need in this plan. Substantial percentages of the farmers as we have calculated and indicated and there will be substantial benefits to the people in greatest needs. The farmers are in the greatest need, the pensioners, old age pensioners on fixed incomes are in the greatest need. They will be the substantial benefitters of this. But no, the Leader of the Opposition takes them and separates them. He says we're going to segregate you pensioners because you are low income people; we are going to segregate you farmers because you are low income people; we are going to ignore -- I'm not quoting him now but to me it's a logical sequitur -- we are going to ignore people who are not pensioners on low and fixed income, and there are many. We are going to give them \$50.00 he says. We are going to give them \$50.00, he says, and yet they may be in as much need as the farmers and the pensioners for whom he gives lip service.

So he's not just merely content with attacking the basic concept of our plan, he also wanted to show that it wouldn't provide as much assistance as was suggested in the Budget Address. And he gave us example sheets. You recall the example sheets, Mr. Speaker, they were distributed in case honourable members haven't quite got them I'm sure they must be able to visualize them. They have illustrated -- and I must say this in a kindly way in the light of my introduction, but they do show some inability to do some simple arithmetic; they

(MR. CHERNIACK cont'd) do show an incredible lack of knowledge about real conditions in which Manitobans live, and I believe a clear desire to twist and distort the facts to support his already tenuous arguments.

Now, Mr. Speaker, I did say that honourable members may not have the examples before them so I thought it might be of some interest if we grabbed the page --(Interjection)-- Oh, one of the members present says he'll tear it up if he gets this one like he did the last one, but this has a few additions to it. So if that could be distributed to honourable members they will see --(Interjection)-- they will see, they will see that we have -- I think this is actually a photograph of the examples distributed by the Honourable Leader of the Opposition but there have been some additions to it. And I'll wait a moment for them to be distributed so honourable members will be able to follow his example sheets. --(Interjection)-- Are you asking if the gin is good? Honourable members who have these sheets will see that we have added a column entitled 1972 School Tax Reduction and then we have made some changes. We've crossed out certain figures and have made changes. I'll just run through them, I think it may be of interest. The honourable member thought it was so.

So let's look at the first case: an elderly person with a gross income of \$1,500 and an annual rent of \$600.00, the honourable member concludes that such a person will only gain \$10.00 in net benefits under the new plan, which is entirely incorrect. First in the fall of 72 such a person will receive a school tax reduction either in cash or in rent reduction. Chances are if his rent is \$600.00 a year, or \$50.00 a month, his rent reduction benefit will be about \$30.00. Then in the spring of 73 he'll receive \$60.00 under the Tax Credit Plan based on his income and rent for 72. His total benefits related to his 72 taxes will be the two amounts combined, the \$30.00 and the \$60.00, namely \$90.00. In strictly calendar year terms, calendar year terms the benefits will rise from \$30.00 in 1972 to \$60.00 in 1973, for an increase of \$30.00 over 72.

A MEMBER: . . . \$30.00 more taxes in 73.

MR. CHERNIACK: They will not pay more taxes in 73 unless there is a billing, unless there is a billing for more taxes. But the Tax Credit Plan in 72 will be a reduction in tax by payment on his behalf to the school board of \$30.00. In 1973 he'll get a cheque, and he'll get a cheque for \$60.00. And that means he will have received a total of \$90.00 off his 1972 school taxes, any way you cut it that's the way it will be. And that cheque for \$60.00 which he will get from Ottawa would cover the full amount of his school taxes in 1972. And if he has any sense of management he may well keep that cheque when he gets it in the spring of 72 and when he gets his 1973 bill he might well take that cheque and turn it over and have his full 1973 school taxes paid out of that cheque. For such a person, Mr. --(Interjection)-- Stand up, I'll listen. I thought it was a question, it was just a comment, Mr. Speaker. Just a comment so --(Interjection)-- No, I don't want a comment.

MR. SPIVAK: I'll make it in the form of a question.

MR. CHERNIACK: A question?

MR. SPIVAK: I wonder if the Honourable Minister is suggesting that when he receives his tax bill, his property tax bill for 1973 it will not include \$30.00 additional that has been taken off this year as a result of your Tax Credit Plan.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I feel awfully awfully inadequate in my attempts to explain to the Honourable Leader of the Opposition the plan. I don't know, Mr. Speaker, whether other people are as --(Interjection)-- Mr. Speaker, I must look into my own ability to translate the plans so that they will be able to be understood by everybody, by just everybody. So I'll move on to the second. But before moving on to the second I want to comment that such a person, because of his low income would be entitled to a far larger tax credit in the spring of 1973, up to \$140 depending on the rental equivalent of the school taxes. So if his taxes go up still because of his low income he will still be getting in this kind of a case, all of his education taxes. Now if that isn't clear I don't know how many more times I have to say it except that I have to wish the Honourable Leader of the Opposition a life long enough to be able to survive the difficulties of this coming year so that next year he'll be able to see it spelled out for him in tax bills if necessary, and I'll try and present him with that.

A lot of the elderly people with low incomes from pensions pay rents that are considerably in excess of \$50.00 a month or \$600 a year, and they do it by drawing from accumulated savings, savings they may have realized from the sale of their homes because they couldn't

(MR. CHERNIACK cont'd) keep up their tax payments. In those days when our friends opposite were administering this province and did little to help them, for those people - and there are many of them although the Leader of the Opposition doesn't seem to acknowledge it - our plan will cover their full rental equivalent of property taxes up to a rent of about \$117 a month, \$1,400 a year rent, taxes will be paid in full up that amount of rent.

Well let's look at that second case on sheet one. It's a low income couple with a child and a gross income of \$250 a month or \$3,000 a year and rental payments of \$75.00 or \$900 a year. The Leader of the Opposition concludes that this couple will only gain \$40.00 in new benefits under the tax credit plan. Again he is wrong. Under the 1972 School Tax Reduction plan this family will probably receive about \$45.00 in the fall of 72. Then in the spring of 73, they will receive an additional \$90.00 under the tax credit plan. The full amount of the rental equivalent of their school taxes for 72. The total amount payable to cover the 72 taxes will be \$135.00. In the calendar year terms the amount of benefit will rise from \$45 in 72 to \$90 in 73, an increase of \$45.00. But again this example doesn't reflect real conditions for most low income families. Chances are if a man were earning only \$3,000 a year, his wife would also be working to help pay the rent and food costs. In such a case the family would probably be able to afford a higher rent and at the same time would likely receive an appropriately higher tax credit benefit, depending on the effect of the wife's income on her exemption status under the Income Tax Act.

So let's look at the third case, because in this case, the Leader of the Opposition's arithmetic is more accurate, but again his presentation is misleading. A low income couple with two children, an income of \$300 a month or \$3,600 a year, a rent of \$1,200 a year would probably receive a \$50.00 school tax reduction in the fall of 72 and \$120 tax credit in the spring of 73. Their total benefit for 72 would therefore be \$170.00. In calendar year terms it would rise from \$50 in 72 to \$120 in 73, for an increase of \$70.00. In addition though this example, like the previous one, assumes the family will have no outside income to increase the amount of rent they could afford to pay and thus increase their credit entitlement.

Mr. Speaker, before I leave this Sheet 1, I want to stress two more points. First the Leader of the Opposition seems to be implying that rent increases of 1973 could effectively offset some of the benefits of the Tax Credit Plan. It should be pointed out that the Tax Credit Plan is sufficiently flexible to cover the full amount of the school tax portion of such increases for low income families when they submit their income tax returns to claim credit benefits the following year. So that if their taxes go up, their rent goes up, their tax portion goes up, this plan will take care of increases in taxation. If rents go down, then their taxes therefore go down and they won't need quite as much money in credit.

Secondly, the modified flat-rate plan which the Member for River Heights suggested be applied instead of our plan, would have provided the same benefits and no more. For the elderly person cited in one, case one, and far lower benefits for the low income couple cited in cases two and three. So that, Mr. Speaker, this former plan which the member seems to endorse would not be helpful to the others who are in great need.

But let's move to Sheet No. 2 if you find this an interesting exercise. Three not very typical low income homeowners. First case, there's an elderly person or a couple with a gross income of \$1,500 a year, living in a house valued at \$3,000 and paying \$42 in school taxes. Well we've already questioned that and the Leader of the Opposition has agreed that the arithmetic wasn't quite correct. In such a case the school tax reduction the summer of this year would be about \$21, not \$42 as indicated. Then in the spring of 1973, the Education Property Tax Credit would be \$42.00. That is what? That is the full amount of the '72 school taxes. The total benefit in respect of the '72 school taxes will be \$63.00. Remember the tax will be 42, the total benefit will be 63.00. In calendar year terms, benefits would increase from \$21 in 1972 to \$42 in 1973, and not nil as was suggested on the example sheet, and the Leader of the Opposition agreed when we first looked at these sheets that it was in error.

Aside from the arithmetic, there are a number of other things which made this example questionable. Firstly, I would say that there are very few homes, if any, even in rural areas, valued at \$3,000.00. I would assume that when the honourable member says, sale value of house \$3,000 that he's including land. It says house and some people have read this, interpreted this, not to include land but - well I could ask the Leader of the Opposition if he could indicate whether it includes land or doesn't. It might be a matter of interest, I would assume it does include land. --(Interjection)-- The Leader of the Opposition is not responding, so now

(MR. CHERNIACK cont'd) I don't know. I really thought that it had to include land but it says house.

MR. SPIVAK: I assume the question is directed at me and I'm entitled to answer. Oh. --(Interjection)-- If you want an answer, I'll give you an answer.

MR. CHERNIACK: If the --(Interjection)-- Mr. Speaker, it's rather amusing that I discussed this matter with one of our research people today then he insisted that this is what it means, sale value of house, \$3,000, means that it's a \$3,000 house without land. And I said, how could they possibly talk about a house without land and I said, surely they must mean \$3,000 including land, and I really thought that the Leader of the Opposition could indicate with a mere nod of his head that it includes land and not a house without land. --(Interjection)-- Well, Mr. Speaker, it's clear I'm not being given the floor but I'm also not getting a yes or a no. That's clear too. As to whether or not this column entitled sale value of house includes land. --(Interjection)-- I'm glad that question was asked because now I have to assume that the honourable member means that it includes land, that this column of sales value of house, \$3,000 is house and land. Well, I still don't know but maybe he doesn't know so. --(Interjection)-- Oh now I think the indication from the Member for Riel and the Leader of the Opposition is clearly that this value includes house and land.

A MEMBER: Rural.

MR. CHERNIACK: And that it doesn't say rural but I will say even if rural, how many people here know of that kind of property. That lots - the Member for Riel who lives in St. Vital I believe, or Fort Garry, he knows that there are lots but this is sale value of a house, and I personally believe that if there are any, they are so few that it makes this example rather ludicrous. However, now the Honourable the, the Member for Swan River who has invited me to visit his log cabin has described it in such a way that I would think that I would give him an offer right now of \$3,000 for that log cabin, sight unseen. Sold? --(Interjection)-- Sight unseen.

So, Mr. Speaker, I just say that examples were taken for the sake of attempting to confuse and therefore, Mr. Speaker, I deal with it only because it's here but not because it can be representative it in any way.

I move on to case number two, an elderly person or couple with \$3,600 annual income, living in a \$6,000 home, paying \$84 of school taxes, and again the arithmetic is suspect. The school tax reduction in the summer of '72 would be \$42, then in the spring of '73 the tax credit would be the full school tax of \$84 regardless of whether the credit was claimed by a single person or by a married person. In total the benefit for '72 would be \$126.00. In calendar year terms it would increase from 42 in '72 to 84 in '73 for a gain of \$42 not \$28 as suggested. Once again, well now I think it's been clear - land is included in the column entitled sale value of house.

Well more important, Mr. Speaker, neither of these cases, like the example of the elderly renter, is typical of the circumstances faced by many elderly persons today. Many of these people have seen their homes increase in value rapidly as market values have increased and their assessments have risen rapidly just as quickly to the same extent. Their school tax liabilities are often considerably in excess of those shown in the example sheets. These people have had to use their savings to meet property tax bills and keep their homes, and who can deny that statement. I'm sure every member of the Legislature gets letters from people in this kind of a situation. And for these people, Mr. Speaker, our plan will mean real benefit. Starting next spring they'll be able to receive \$140 as a credit against their school taxes. And as I stated in my Budget presentation, it is estimated that some 94 percent of pensioners will receive credits in excess of \$100.00.

Let's turn to case three on Example Sheet 2. A low income couple with two children, earnings of \$5,000 a year, living in a \$15,000 home and paying \$227.50 in school taxes, and I'm happy for the Honourable the Leader of the Opposition to say his arithmetic is correct but I'm sorry for him to say that the conclusion is misleading. Such a couple would receive a \$50.00 school tax reduction this summer and would qualify for a tax credit of \$127 in the spring of 1973. The total benefits would be \$177 in respect of 1972 school taxes. In calendar year terms, these benefits would increase from 50 in 1972 to 127 in 1973, a rise of \$77.00. Note, Mr. Speaker, that there's no reference to the fact that the flat rate plan advocated by the Leader of the Opposition would have meant \$77 less to this family in '73 than the tax credit system would provide. Now that's abundantly clear. It's abundantly clear because this low

(MR. CHERNIACK cont'd) income couple No. 3 assuming that they are not pensioners, earning \$5,000 a year they would not get this benefit that we are recognizing as being something that they are entitled to have, \$77 worth. So again the Leader of the Opposition makes distinctions between classes of people in regard to their occupational class.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: In my speech on the debate, I asked whether more than one parcel would be - would apply to a home in the case of a farmer.

MR. CHERNIACK: In the case of a residential area it would be the one parcel of land, the one home. Just where he resides in the case of farm land, then it includes his total holding because there is a maximum of \$140.00.

I want to come on, Mr. Speaker, because there's so much more I'd like to say, so let's move on to Example - Sheet 3, the housewife discrimination factor. That's a great one, that's a great one. That's a nice technical term. I had to restrain the Attorney-General from turning this matter over to the Human Rights Commission. Basically his argument, Mr. Speaker, relates to the fact that the tax credit will be calculated in relation to the claimant's taxable income and will therefore in some cases favour families where both spouses work over those where only one is employed.

The Example case 1, Family B, cited by the Leader of the Opposition doesn't include his assumptions about reductions used in calculated taxable income but they're based on standard assumptions and they are, according to my calculations, they're inaccurate. However, the argument is easily understood. Two spouses whose earnings total the same as the income of another couple where only one spouse works in many cases, will receive somewhat higher tax credits. This is the direct result of the nature of the income tax structure into which the Tax Credit Plan will be incorporated. There's no housewife discrimination intended and indeed, Mr. Speaker, it's not an accident really. If one finds that where there is discrimination it is in favour of a family where two have to work to earn the same as one. The two cases given, if you look at it, say case 2, two people have to work to earn \$3,600 as compared with Family B where one person works to earn the same amount of \$3,600; that kind of discrimination is one from which I will not back away. It is not the opposite. The indication is that there is a discrimination factor against the wife who earns nil and in that case it is a discrimination really in favour of the wife who has to work to bring the family income to the level of the single earner and the member, I believe, I now believe, I didn't before, Mr. Speaker, because I thought he understood his own forms, but I now believe that he thought that the discrimination worked the other way. I really think he felt that the discrimination worked against the working wife. No he agrees the discrimination which he alleges is a discrimination against the non-working wife and I am saying that the non-working -- that we would rather favour, and this is only an accident of income tax presentation but still it does recognize that two people are working to earn the same income as the one and therefore in the family where the two are working, there is greater benefit - and I back not away from that, I don't think anybody in this party would.

Now, Mr. Speaker, I do have to move quickly, although I'm sure the Leader of the Opposition would like me to participate more, I'm anxious to get some more things said here. And I'm going to -- I just want to speak about the Leader of the Opposition's suggestion that this \$28 million is incorrect. I can only say this: based on the information available to us, similar to that available to Ontario, calculations were made. I instructed my department which was making calculations and working on this formula that I did not feel that this government could undertake a greater credit plan, a plan that would cost more than \$28 million, I said, "that's your ceiling". According to calculations they've produced they came to an arithmetic amount of some 32/33 million but then we knew that there were factors that countered against the full amount and therefore I'm assured that it should cost approximately \$28 million. That's the best figure I've got but the guarantee that I wanted was not more. -- (Interjection)-- I'm sorry I must go on.

Now I must touch upon the Honourable the Leader of the Opposition's speaking about a \$12,000 average income for Manitoba. And he questioned the Attorney-General for even wondering how he was so unaware of basic economics that he shouldn't understand that. Well, Mr. Speaker, let me tell you something. Let me tell you that according to -- by the way the Leader of the Opposition was talking about low income families in Manitoba, low income far behind Ontario, far behind the national average in Manitoba and then -- we've made some

(MR. CHERNIACK cont'd) calculations out of Statistics Canada based on family income distribution that they had for 1969. They don't have later figures yet. But in 1969 the average family income in Ontario was \$9,800, in Canada it was \$8,900, in Manitoba it was \$8,000, in 1969. And the Honourable the Leader of the Opposition tells us now that his calculations shows \$12,000 average income in 1972. And, Mr. Speaker, it's just fantastic to think that if he were right, and I'd like to assume that he was right, that in Manitoba during the time of this government's being in power the income of the average Manitoban rose from \$8,000 to \$12,000, an increase of 50 percent according to his calculations. Oh, Mr. Speaker, I will not -- even though they were favourable to us I will not accept a statement and the calculation made by the Leader of the Opposition which I cannot support, and I must tell him that the figure he cited is in excess and he can yell all he likes, I don't have time to let him interrupt, the \$12,000 figure he cited would put Manitoba families above the national average and even as high or higher than Ontario. Well he can't have it both ways. Either things are bad in Manitoba, we're better off in Ontario, either one or the other, we're worse off, we're better off. He can't make up his mind, or maybe his advisors aren't in proper discussion with each other.

What is important is distribution of income, Mr. Speaker. The House Leader had mentioned the chart we put into the Budget Speech which is only in for the second year because we introduced it, he pointed out the high proportion of citizens with low income and he's right, he's right and that's something that should concern us but it's not a major revelation to us. The situation that exists now has been perpetuated for many years, for many many years by the federal and provincial governments that we had in the past. What we are concerned about is redistributing this income and the tax burden in this province, and I think that we are not trying to hide a situation but rather to improve it and to show it as we have done it.

Mr. Speaker, only because the Member for Lakeside didn't accept my Leader's comments today about the 4.5 percent increase in Ontario budget expenditure; only because he listened and didn't hear, I must tell him that it's an illusory 4.5 percent and if one reads the Budget Speech of Ontario on page 21, one reads: "The step up in expenditure levels achieved in 1971/72 amounted to about half the growth in expenditures that otherwise would have occurred in 72/73." They brought in a budget in December which updated their previous budget and the increase of 4.5 percent is an increase over the December calculation. According to our calculation it's an 8.3 percent increase not 4.5. I mention it only because the -- (Interjection) -- Yes, because you could even calculate 19 percent in a simplistic way because there was a change in accounting procedures. You have to look behind this and according to -- if you take a simplistic mathematical calculation you should arrive at 19 percent, but you didn't.

Let me move on, Mr. Speaker, because I have very little time and I'm so anxious to say more. So let me touch for a moment on special warrants. The Leader of the Opposition referred to special warrants as if it's something new that have not been shown and taken into calculation, I'll just tell him that I have a statement here from 1960 through to the present, I might remind him that in 1966/67 -- maybe he wasn't in government then -- there was \$25 million special warrants, in 1967/68 he was here, there was \$11.2 million in special warrants, but regardless of that we know why there are special warrants; we are prepared to justify special warrants issued in this last year. The point that I have to make that he has to understand is that when I announce that there will be no deficit on this last year but probably a surplus, I included the amount of the special warrants in that calculation so that should be absolutely clear, and I must move on.

And let me just say this and I want to refer to the Member for Riel who came with charts, that we have repeated time and again that we are using figures for income tax collections that are supplied to us by the Federal Government, we accept their figures because they have more sophisticated methods of calculating them. The previous government did it; we do it; I think it's a good idea to do it, and whatever the Member for Riel worked out on his chart is as far as we're concerned not very helpful because the fact is we do take that into account as being money, information given to us.

There's so much that's interesting here, Mr. Chairman, that I really must skip through. Let me for a moment point out that the whole debate on the changes in economic indicate as we made clear that they are useful figures to use but they should not be taken as being "the" figure on which one calculates because they have to -- they don't completely affect the lives

(MR. CHERNIACK cont'd)of people.

It hurts me to be skipping through much of this.

I want to touch for a moment on the Bank of Canada's statement that one of the honourable members mentioned, a statement that Manitoba's growth was relatively slow. We've checked this out with them. The figures that they use were based on the data available the third quarter of 71. The data is now available for all of 71, I am informed, and I am reliably informed that they've had reason to review their statement.

I want to -- I must mention something about production machinery tax and about the Leader of the Opposition's requirement that there be a tax reduction. Let me tell him that I have here a copy of the Ontario Budget Speech of the previous year about the five percent investment tax credit, the kind of thing he favours, where they say that they're going to give an income tax credit of \$5.00 for every \$100.00 of investment in machinery and equipment. They calculated that they would lose \$125 million in income tax because of that plan. The fact is the newspaper report I have before me indicates that they lost only \$30 million which is again an indication, it's an indication that they were wrong, not fraud, not a hoax, they were wrong in their expectations that this five percent would make that kind of a change.

Now I want to deal only with the Member for Morris who -- he used, he used pretty wild language. He backed away after a little while when there was a 'cafuffle' here but he used pretty wild language in describing our presentation. "A deliberate deception" is a phrase he used. There was no deception, Mr. Speaker. The figures in the Budget appeared in exactly the same form as they've appeared for several years, including the years in which his party was in government. And they were prepared the same way. In effect what he argued was that the figure we showed for the value of agricultural production for 71 was not truly representative of farmers' income positions. Well that's true, and we are as much aware of it as he is, and perhaps more so, perhaps more so, because unlike the members of his party when they were in power we have taken concrete steps to rectify the situation, and I mentioned that in the budget. Nevertheless, farm cash income has risen in Manitoba and this was shown in the Budget and I can only conclude that the honourable member, not reading far enough, or not understanding far enough, was prepared to call deliberate deception as being the kind of phrase with which he was most comfortable. And obviously he is.

I want so much, Mr. Speaker, to deal with the contribution of the Honourable Member for Crescentwood because he made some, I think, important comments. I want to only say that I don't agree that we were lax in our dealing with our attitude to foreign investment. I think that we have, both the First Minister and I, at federal-provincial meetings have had occasion to make very positive suggestions about protecting Canada from U.S. economic measures. We listed them all; I cannot deal with them.

I want to mention also that the Leader of the Opposition put out a news release dated April 4th, 1972, release time 10:00 a.m., where he said 34 percent of the increase in the Estimates or about \$44 million is attributable to the increase in the costs of the expanding civil service. I can tell him that whoever wrote his speech for him, or advised him on it, included in his figures, and it's right in his own-figures, the 34 percent, the \$44 million is under salaries and wages and other expenditures. And if he doesn't know, if he doesn't know that "other expenditures" -- well at least in the Department of Industry and Commerce he should know what it means. It means advertising, promotion, budget, technical assistance, grants to industry, grants to regional development corporations, other forms of assistance, food clothing, accommodation. There are many items included in "other expenditures" and he included it in this item which he distributed to the press it is clearly included, it says Items 2 and 3 accumulated 34 percent and he refers to the 34 percent on page one of his news circular. I wish he would read his own publicity and would understand better.

Now, Mr. Speaker, it's obvious that I cannot say all I would like to say. I want only to say that we are satisfied that we have presented a budget which has certainly upset the Opposition, and certainly has done something which is a credit, a credit to the Government of Manitoba, and a benefit -- more important than credit -- a benefit to the people of Manitoba, and a benefit to those people of Manitoba because they are not people who will get that money and salt it, put it under their mattress, they are people who need the money, who will spend the money, and will thus help in encouraging the economy and the growth and development of this province. In that way private enterprise business will be direct beneficiaries in a multiplier effect of what we are doing here. It is a budget of which we are extremely proud and

(MR. CHERNIACK cont'd) which we hope we will be depending on the -- on all areas of this province from time to time. Thank you.

MR. SPEAKER: Order, please. According to our rule 23, subsection (4) at 9:30 I must now put all the amendments before the Assembly. Ready for the question on the amendment to the amendment to the main motion.

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

MR. G. JOHNSTON: Ayes and nays, Mr. Speaker, please.

MR. SPEAKER: Call in the members. Call in the members.

A STANDING VOTE WAS TAKEN, the result being as follows:

YEAS: Messrs. Barkman, Bilton, Blake, Craik, Einarson, Ems, Froese, Girard, Graham, Henderson, Johnston (Portage la Prairie), Johnston (Sturgeon Creek), Jorgenson, McGill, McGregor, McKenzie, Moug, Patrick, Sherman, Spivak, Watt and Mrs. Trueman.

NAYS: Messrs. Adam, Allard, Barrow, Borowski, Boyce, Burtniak, Cherniack, Doern, Evans, Gonick, Gottfried, Green, Hanuschak, Jenkins, Johanson, McBryde, Mackling, Malinowski, Miller, Paulley (Transcona), Pawley (Selkirk), Petursson, Schreyer, Shafransky, Toupin, Turnbull, Uskiw, Uruski and Walding.

MR. CLERK: Yeas, 22; Nays, 29.

MR. SPEAKER: In my opinion the nays have it, I declare the motion lost.

On the motion as amended by the Honourable Leader of the Opposition.

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

A MEMBER: Yeas and Nays.

MR. JORGENSEN: Mr. Speaker, we're prepared to allow this vote to go on the same division.

MR. SPEAKER: Is it agreed? Very well.

On the motion as proposed by the Honourable Minister of Finance.

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

MR. PAULLEY: Mr. Speaker, I wonder if it would meet with the convenience of the House that you call it 10:00 o'clock, otherwise we would go into other proceedings.

MR. SPEAKER: Is it agreed? Very well. The hour being 10:00. Order, please. The hour being 10:00 o'clock - the Honourable First Minister.

MR. SCHREYER: Mr. Speaker, so as not to confuse the Clerk, and to keep the records straight, the last vote is recorded on transposed division.

MR. SPEAKER: Right. Very true. I do think that I indicated that it was the ayes had it and not the nays this time.

The hour being 10:00 o'clock, the House is accordingly adjourned until 2:30 Tuesday afternoon.