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DEBATES and PROCEEDINGS

29 Elizabeth II

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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	NDP
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, 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	Ind
HANUSCHAK, Ben	Burrows	NDP
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	PC

LEGISLATIVE ASSEMBLY OF MANITOBA
Monday, 7 July, 1980

Time — 10:00 a.m.

OPENING PRAYER by Mr. Speaker.

MR. SPEAKER, Hon. Harry E. Graham (Birtle-Russell): Presenting Petitions . . . Reading and Receiving Petitions . . . Presenting Reports by Standing and Special Committees . . . Ministerial Statements and Tabling of Reports . . . Notices of Motion.

INTRODUCTION OF BILLS

HON. GERALD W. J. MERCIER (Osborne) introduced Bill 105, The Statute Law Amendment Act (1980).

HON. BRIAN RANSOM (La Verendrye) introduced Bill No. 108, An Act to amend The Water Power Act.

ORAL QUESTIONS

MR. SPEAKER: The Honourable Member for Churchill.

MR. JAY COWAN: Thank you, Mr. Speaker. My question is to the Deputy Premier and I would ask the Deputy Premier if he can indicate what action his government is taking in regard to the recent announcement by the Canadian Wheat Board that grain shipments to Churchill may be curtailed, and in fact may be curtailed to the point where the port would not be able to operate for this season.

MR. SPEAKER: The Honourable Minister of Finance.

HON. DONALD W. CRAIK (Riel): Mr. Speaker, I'll have to take the question as notice for presumably the Minister of Agriculture.

MR. COWAN: Thank you, Mr. Speaker. While taking the question as notice, I'd ask the Minister if he would undertake also to find out exactly what quantities of grain are available in Churchill now for shipment and what quantities en route to Churchill so that we may know if there are plans in motion right now to open the port for shipment to foreign countries as soon as possible.

MR. CRAIK: I'll take that as notice, Mr. Speaker.

MR. SPEAKER: The Honouable Leader of the Opposition.

MR. HOWARD PAWLEY (Selkirk): Mr. Speaker, my question is to the Deputy Premier. In view of the statement by the federal Minister of Agriculture, Eugene Whelan this past Saturday to the effect that the federal government would not be cost-sharing the drought program, can the Minister advise whether or not there has been any communication with the federal government pertaining to non cost-sharing of the provincial drought program?

MR. CRAIK: Mr. Speaker, I have been unable yet today to discuss this comment by Mr. Whelan with the Manitoba Minister of Agriculture, so I can't specifically reply to the Leader of the Opposition's question at this time.

MR. PAWLEY: Mr. Speaker, by way of supplementary, has there been any previous discussion involving the Deputy Premier or the Minister of Agriculture, with Eugene Whelan prior to his statement on Saturday there would be no cost sharing unless there was some money left over. Was there any prior discussion involving cost sharing between this government and the federal government?

MR. CRAIK: Mr. Speaker, that was indicated by the Minister of Agriculture in the House here and I believe there was a meeting between the two ministers on Friday.

MR. SPEAKER: The Honourable Member for Ste. Rose.

MR. A. R. (Pete) ADAM: Thank you, Mr. Speaker. My question is to the Deputy Leader. Following on a question by the Member for Churchill, in regard to movement of grain to Churchill, I would ask the Deputy Leader to have the Minister of Agriculture contact the Wheat Board to try and convince the CPR to agree to interchange of boxcars, Mr. Speaker, to increase grain moving into the port, because this is one of the drawbacks for grain moving to the Churchill area.

MR. CRAIK: Mr. Speaker, I'll be happy to pass on the Member for Ste. Rose's comments to the Minister of Agriculture.

MR. ADAM: Yes, to another Minister, Mr. Speaker, the Minister of Municipal Affairs. I wonder if he could confirm whether or not 3,000 acres of Crown Lands in the Red Deer area, around Barrow somewhere, has been opened for hay?

MR. SPEAKER: The Honourable Minister of Municipal Affairs.

HON. DOUG GOURLAY (Swan River): I can confirm that there are a number of acres that are open for hay in the Red Deer Lake area, I'm not sure of the exact number of acres. You mention 3,000, I could check this out and report back to the House on it.

MR. SPEAKER: The Honourable Member for Ste. Rose with a final supplementary.

MR. ADAM: Mr. Speaker, I would ask the Minister if he could confirm whether or not tenders are being let for the cutting of this hay on this particular Crown Land. I understand, Mr. Speaker, that it has been given over to some private individuals to put up the hay and that hay is being sold at 25 for 1,000 lb.

bale. This seems to be quite excessive, Mr. Speaker, if that information is correct.

MR. GOURLAY: Mr. Speaker, I know that the municipalities in the area have been holding some discussions with respect to the allocation of the hay in the area. Again I'd have to check out more specifics on that and I would be pleased to do that for you.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MRS. JUNE WESTBURY: Thank you, Mr. Speaker. My question is addressed to the Minister of Consumer Affairs. In view of the open dissatisfaction with Bill No. 83, expressed by the Members for River Heights, St. Matthews and Radisson, will the Minister consider withdrawing this bill?

MR. SPEAKER: The Honourable Minister for Consumer and Corporate Affairs.

HON. WARNER H. JORGENSON (Morris): No, Mr. Speaker.

MRS. WESTBURY: Well, Mr. Speaker, is the Minister concerned enough about the widespread dissatisfaction to consider amending the bill to restore rent controls in some form.

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

MR. JORGENSON: The Minister is always very concerned about problems that may be confronted by people in this province.

MR. SPEAKER: The Honourable Member for Fort Rouge with a final supplementary.

MRS. WESTBURY: Mr. Speaker, the question was, will he consider restoring rent controls in some form?

MR. JORGENSON: Mr. Speaker, the objective of the bill is to remove the province from rent controls, not to provide an alternative form of rent controls and I suppose my honourable friend wouldn't understand that.

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

MR. SAUL CHERNIACK: Thank you, Mr. Speaker, to the Honourable Minister of Consumer Affairs. He had undertaken, prior to his being away, to answer certain questions. I gather from his gesture that he's prepared to do so and possibly we'll have that first.

MINISTERIAL TABLING OF REPORTS

MR. JORGENSON: If I may, by leave, I'd like to table three copies of two reports, an interim report on rent decontrol up to the period of November, 1979 and a further one up to February, 1980. With respect to the further question that my honourable friend asks, as to whether or not we would be establishing some guidelines for rent increases, the answer to that question, Mr. Speaker, is no. I think that would be a rather dangerous precedent to establish because whatever I say would probably be the maximum. I think if we're going to move out of this field of rent control, then it's necessary that some adjustments be made and to be made on the basis of what the costs actually are, rather than any predetermined figure that I may give. So for that reason I don't think it would be wise for me to do so.

ORAL QUESTIONS (cont'd)

MR. CHERNIACK: Mr. Speaker, will the Minister then confirm that there is no present protection or rights of a tenant to formally object or to appeal a rent increase according to the present law?

MR. JORGENSON: As I said the other day, Mr. Speaker, I felt that it was complicit in the bill. On reviewing it, I'm not quite so sure now myself but I intend to make it so when the bill is before committee. If there are any further suggestions or any further amendments that may be necessary in order to ensure that there is a proper review process, that shall be done.

MR. CHERNIACK: Mr. Speaker, since I think the Minister didn't quite understand my question, I now have two questions to ask. The first one was, under the present law, will he confirm that there is no appeal mechanism or recourse — when I say the present law, I mean on the knowledge that the proposed bill is not yet passed; so we're dealing with the present law. That's the first question. The second is, in order to facilitate intelligent debate on the bill before us, could the Minister undertake, and now that he has an extra opportunity to speak, to give us an outline of what is proposed and possibly that could save a certain amount of debate on second reading? Two questions there, Mr. Speaker.

MR. JORGENSON: Yes, Mr. Speaker, I will undertake to outline, if not in detail at least in general principle, some of the proposals that we may wish to introduce during the committee study of the present bill.

MR. CHERNIACK: I thank the Honourable Minister and point out I said I had two questions. The first one, which remained unanswered the prior occasion, was under the present law, today's law, the tenant affected today and before this bill passes, is there any mechanism in the present law, in view of the fact there are no guidelines whereby a tenant may object, appeal or react in any positive way to oppose a rent increase of which he has received notice?

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

MR. JORGENSON: None other than the general provisions that are provided for tenants to appeal to the Rentalsman. Rent increases are not specifically spelled out as one of those items that are appealable under the present Act.

MR. SPEAKER: The Honourable Member for Brandon East.

MR. LEONARD S. EVANS: Thank you, Mr. Speaker. I'd like to address a question to the Honourable Minister of Economic Development with respect to the reports that the McDonnell Douglas Corporation's fighter aircraft the F-18 is having technical and production difficulties in the United States. My question to the Minister is, has he or his department been in touch with Ottawa with regard to these reports?

MR. SPEAKER: The Honourable Minister of Economic Development.

HON. J. FRANK JOHNSTON (Sturgeon Creek): Mr. Speaker, I've read the same article and the article also says that they don't expect it will have much problem or that much effect on the F-18 program for Canada. I'm not in a position to analyze any technical problems that airplane may or may not be having. I'm sure that the McDonnell Douglas and the United States Navy will check that out as our military people will also.

As I've told the member, in my estimates, that it was my intention to be in Ottawa this week and I will be there. I'll be having discussions regarding the F-18 program generally, how it relates to regional development in Canada.

MR. EVANS: Thank you, Mr. Speaker. I appreciate that the Minister is not an expert in the technical production problems of the aircraft, or I suppose is anyone in this province or this Legislature, at any rate I'm wondering whether the Minister can advise whether his staff has been in communication with the appropriate officials in Otttawa and whether there's any indication whether we have a 50-50 chance of it going ahead, or is it a 9 to 1 or a 10 to 1 chance of going ahead, or is there any doubt whatsoever, really? Are these rumours entirely unfounded? I would expect that the Minister's staff has been in touch with Ottawa counterparts and might have that type of information.

MR. JOHNSTON: Mr. Speaker, I can't say whether my staff has been in touch this morning or not. As I said I would be in Ottawa this week, generally discussing that program for regional development. But I would say, Mr. Speaker, that if the American Navy decides not to buy the F-18 aircraft in the United States, that would leave a production situation of McDonnell Douglas only having to make about 130 for Canada. Now if the American Navy decided not to buy that F-18 I would suggest that it would have an effect on whether McDonnell Douglas would only produce 130 or not and it could probably have an effect on our price, for that matter, or whether they would go ahead with the program is something I don't know. The member is asking questions that are not capable of being answered at the present time until decisions are made on the aeroplane generally.

MR. SPEAKER: The Honourable Member for Brandon East with a final supplementary.

MR. EVANS: Thank you, Mr. Speaker. The Minister, earlier in the session, announced that a special tax force had been set up by himself with personnel from his department, with the objective of involving as many Manitoba companies as possible in the production of portions of this particular aircraft, or offset work. Can the Minister advise now whether that task force has made any progress? Whether there are some specific Manitoba companies that are now lined up in a concrete fashion, ready and prepared to do specific work related to the production of this aircraft — either direct parts or offset work?

MR. JOHNSTON: Mr. Speaker, the task force is lead by Mr. Armstrong of my department and Barry Mitchell is involved in it, that's been known for a long time, and the six or seven people from the aerospace industry in Manitoba are part of that group. As a matter of fact, the aerospace people have made representation as to what the Manitoba companies can do and, Mr. Speaker, they are lined up, ready to do a lot of work, providing the federal government of Canada distributes the work evenly across Canada. That does not appear to be the situation at the present time.

MR. SPEAKER: The Honourable Member for Ste. Rose.

MR. ADAM: Thank you, Mr. Speaker. Last week I asked the Minister of Agriculture a question with regard to the purchase of hay from Ontario, whether we were purchasing the hay by the bale or by the ton. I want to follow up on that supplementary to that information I was seeking last week and ask the Acting Minister of Agriculture if he can confirm if the province of Manitoba is purchasing hay from individual producers in Ontario or whether or not we are purchasing hay from the province of Ontario?

MR. SPEAKER: The Honourable Minister of Natural Resources.

MR. RANSOM: I'll be happy to take the question as notice, Mr. Speaker.

MR. ADAM: I'm sorry. I apologize. I did not catch the answer. —(Interjection)— Then, Mr. Speaker, I would ask the Acting Minister of Agriculture a further question and ask him if it is correct that if it is the province of Ontario that is indeed purchasing the hay or co-ordinating the supply, whether if it is correct that the province of Ontario is making approximately a profit of 2.00 a bale on the hay that's being bought by the province of Manitoba?

MR. RANSOM: I can't confirm that, Mr. Speaker. I'd be happy to take the question as notice.

MR. SPEAKER: The Honourable Member for Elmwood.

MR. DOERN: Mr. Speaker, I'd like to direct a question to the Minister of Consumer Affairs and ask him if he could define for the benefit of the Assembly, what an exorbitant rent increase would be?

MR. JORGENSON: Mr. Speaker, I suppose that would be the opinion of the individual who is concerned.

MR. DOERN: Mr. Speaker, does the Minister have a definition of an acceptable limit of rent increase; he mentioned figures of 2 percent up, I wonder whether he finds an acceptable range that he would recommend to the Assembly?

MR. JORGENSON: Mr. Speaker, I've already answered that particular question once this morning and I don't know whether it should be necessary to answer it a second time.

MR. SPEAKER: The Honourable Member for Inkster.

MR. SIDNEY GREEN (Inkster): Yes, Mr. Speaker, I'd like to direct a question to the Minister to whom the Communities Economic Development Fund reports. Is it correct that the participation of the Manitoba Indian Brotherhood has been withdrawn from this agency, which was designed to promote entrepreneurial leadership in remote communities in northern Manitoba?

MR. SPEAKER: The Honourable Minister of Municipal Affairs.

MR. GOURLAY: Yes, Mr. Speaker, I answered this question last week.

MR. SPEAKER: The Honourable Member for Brandon East.

MR. EVANS: Mr. Speaker, I wonder if I could ask a supplementary to the Minister of Economic Development.

MR. SPEAKER: The Honourable Member for Brandon East.

MR. EVANS: The Minister, in his answer, I was not certain, but I believe I heard the Minister state with regard to the F-18 Fighter work as it was coming to the various provinces, that it did not seem to be fairly distributed or fairly spread across the country, and if I heard the Minister correctly, could he elaborate on that statement that the F-18 work was not being fairly distributed or spread across the country, if I heard it correctly.

MR. JOHNSTON: Mr. Speaker, the member heard me correctly. I said it did not seem to be being spread fairly across the country. The breakdown that was presented to us after the contract was let is very clear, it's a public document now. It was broken down on the basis of the percentage of aerospace industry in Canada, Quebec having 48 percent, Ontario having 40, and the balance of Canada being 12 percent. Manitoba is, as we've always stated, approximately 10 percent of the aerospace industry in Canada.

The amount of work that has been designated to Ontario and Quebec is very sizable. There is still much more work to be quoted on but that much more work to be quoted on is in an area that does not basically interest the manufacturers of the province of Manitoba in the aerospace industry. In other words, they would have to duplicate buildings and equipment in order to compete and naturally, if they have to make that kind of a capital investment, they can't compete with the other people in the country. So from that point of view, it seems that it's not properly regionally being spread across the country. We hope to try and solve some of those problems.

MR. EVANS: I'd like to thank the Minister for that information and I do wish him well on his trip to Ottawa in this respect. Based on the information that the Minister now has, is he saying in effect that there is a possibility or a danger, if you will, that Manitoba will not get the 10 percent share which seems to a fair share in terms of our capacity within the country, or capacity to produce, is he saying that there is possibility now that we will not be able to achieve that 10 percent share of the work that was related to the F-18?

MR. JOHNSTON: Mr. Speaker, when the tender system is involved, then that's what it is, that our manufacturers will be taking tenders to McDonnell Douglas and General Electric who make the engine. There is never a guarantee that you'll get anything in the tender system. What we want to make fair and equitable in the whole program is that our people have the chance to quote on parts of the F-18 work where they don't have to go out and make a large capital expense to do so for the standard type work. There are technical type works that all people in the country will have to make in capital investment in bricks and mortar and test stands to be able to do, but there is a lot of work that our people can't quote on and be competitive because of those reasons. So as I said, we are going to try and change that but, Mr. Speaker, there is no question that it's a tendering system to General Electric and McDonnell Douglas on a large amount of the work.

MR. SPEAKER: The Honourable Government House Leader.

ORDERS OF THE DAY

MR. MERCIER: Mr. Speaker, firstly, rather than the House meet tonight, Law Amendments Committee will meet at 8 o'clock. Mr. Speaker, would you call second reading of the bills shown on Page 5 of the Order Paper.

SECOND READING — GOVERNMENT BILLS

BILL 72 — THE SECURITIES ACT, 1980

MR. JORGENSON presented Bill No. 72, The Securities Act, 1980, for second reading.

MOTION presented.

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

MR. JORGENSON: Mr. Speaker, on June 11th, last year, I placed before the House, Bill No. 49 which was a new draft of The Securities Act modelled on the Ontario legislation. I pointed out at that time that it was the intention to have Bill No. 49 printed and put out as an exposure draft for circulation to the industry and the general public for comments and

recommendations. I believe at that time I also invited honourable members if they had any particular questions with respect to this particular piece of legislation that the chairman of the Securities Commission would be willing to meet with them and answer any questions that they may have with respect to the bill. You will recall, however, that I did emphasize that our overriding objective regarding the legislation was to maintain substantial uniformity with the legislation of Ontario and the other provinces that are active in the field of securities legislation. This has been a consistent policy of the Manitoba government since the late 1960s, followed both by our own administration and by the intervening NDP administration. I think that, to a large extent, the new Corporation Act that was introduced in 1976 was patterned along the same lines.

When I tabled Bill No. 49 last year, I issued honourable members a reminder that although the provincial securities Acts are properly called uniform, they are not absolutely identical. I mentioned that the Alberta Minister of Consumer and Corporate Affairs had published a letter on November 30, 1978, regarding their corresponding bill which is presently under revision in Alberta, he said: "Because of the desirability of reasonably uniform legislation along Canadian jurisdictions, Bill 76 is based in a large measure on the new Act recently passed in Ontario. At the same time, business in Alberta has its own distinct flavour and it is important that the new legislation deal with local needs and conditions". I'm sure that honourable members will recognize that those remarks are valid here in Manitoba as well.

While we have a Winnipeg Stock Exchange and while it discharges an important role in this particular area, we all recognize that for practical purposes the Toronto Stock Exchange could almost be called a national stock exchange. The supervisory activities of the Ontario Securities Commission, with respect to the Toronto Stock Exchange, carries certain consequences that permit us to take advantage of their broader role and also enables us to avoid the waste of duplication of effort here. While there were many minor differences between Bill 49 and the Act now in force in Ontario, which I am satisfied would not give honourable members any concern whatsoever, there are certain more important differences in principle between the two that I want to draw to your attention.

The first of these differences lie in the concept of a reporting issuer. Any company whose securities are listed in the Toronto Stock Exchange is automatically a reporting issuer in Ontario. This imposes on the company, and on the persons who manage its affairs, a number of important responsibilities, particularly in the field of disclosure, to the public of information respecting the company's affairs and of their own trading in its securities. Theoretically, The Ontario Securities Act only requires a public disclosure in Ontario but, of course, once the information is made public there is, in practice, public throughout the country. As a corollary to this requirement for public disclosure the Ontario Act contains provisions which permit the securities of reporting issuers to be traded more freely than those of companies which are not reporting issuers. In Manitoba, of course, companies listed on the Winnipeg Stock Exchange become reporting issuers and are subject to the disclosure requirements contained in our Act. If we simply followed the Ontario Act, the freer trading permitted in securities of reporting issuers would apply only to securities of the company listed in the Winnipeg Exchange, but whereas most companies of any consequence in Canada are listed on the Toronto Exchange, there are unfortunately few companies listed on the Winnipeg Exchange and this is not likely to change. As a result, although all the information about companies listed on the Toronto Exchange is readily available in Manitoba as it is in Ontario, people wishing to buy or sell through a Manitoba broker, securities of companies listed on Toronto but not in Winnipeg, would be faced with a number of restrictions which would not affect investors in Ontario. Under the cirstances these restrictions would serve no useful purpose. Our Act, therefore, extends the trading advantages given to securities of reporting issuers to the securities of companies which are reporting issuers in Ontario and other provinces, despite the fact that they are not also reporting issuers here.

Another difference of this nature relates to investments in RRSP and RHOP funds maintained by trust companies. The new Ontario Act resolves any ambiguity about their status by declaring that they are securities, a position that we have long taken here. The Ontario Act, however, goes on to exempt them substantially from the operations of the Act and places them under the supervision of the Registrar of Loan and Trust Corporations. We have no such officer in this province and the volume of loan and trust business here would not justify the expense of creating a separate office for this purpose. Consequently, under our version of the Act, the supervision of these funds will be left with the commission, except only in those limited areas where supervision is already being provided by the federal Superintendent of Insurance.

A third difference relates to investments made by mutual funds. The new Ontario Act contains some additional restrictions on such investments, but it also provides that the Securities Commission may relax these restrictions in special circumstances. If the fund is operating in several provinces, as most of them do, copying the Ontario provisions into all the provincial Acts would simply result in the fund having to apply for the relaxation of those rules in every province. We feel that this is unnecessary and for the granting of permission for the investment by the commission of the province in which the fund's head office is situated should be sufficient.

We should hope that this particular change will be copied in Ontario and the other provinces moving to the uniform Act, because although most mutual funds are based in Ontario there are quite a number based elsewhere including some in this province, as honourable members are probably aware.

These are the principle differences between our draft Act, Bill No. 49, and the Ontario Act, and of course they are continued in the bill I'm now introducing. I now want to turn to the changes that we are proposing in the new bill, that is to say, the differences between the bill that I introduced last year and the one that is being introduced today.

In the first place, we received one submission as a result of the publication of Bill 49 — and I remind

honourable members that that bill has been available for scrutiny by anyone who wished to look at it since last year, and contrary to the statement that was made by the Member for Wellington a day or so ago that this is the first opportunity they've had to see it. He either does not look at the bills that come across this House very closely or he is being downright . . . I am trying to think of a word that would fit the occasion, but I think my honourable friends know what I mean — just not being honest in his presentation.

That submission related to the granting of prospectus and registration exemptions for securites of the Asian Development Bank and the Inter-American Development Bank. We had not included these in the first draft, but upon reviewing the submission made on behalf of the banks and learning in the course of that review of the additional safeguards that would be in place through the policy of the federal government regarding any issue of such securities, our Commission was satisfied that the inclusion of the exemption, which had already been embodied in The Ontario Act, would be in the public interest. Hence the bill before you contains that exemption.

Secondly, Ontario has recently enacted some minor amendments to its Act and these have, for the most part, been incorporated in our bill.

Thirdly, there's now been some nine month's experience in the working of the new Ontario Act which came into force last September, and from this we've been able to identify one area that would likely cause us problems. As already mentioned, one of the new concepts in the Ontario Act is that of the reporting issuer and the Act permits the securities of reporting issuers to be traded more freely than the securities of other companies, but only if the reporting issuer in question is not in default of its obligations in reporting and publishing financial and other information. This means that the people must be able to find out readily whether the reporting issuer is or is not in default, and the Ontario Act therefore requires the Securities Commission to maintain a list of defaulting issuers and to issue, on application, a certificate that an issuer is not in default. It is going to be quite a significant and potentially costly administrative task.

If the definition of reporting issuer in The Ontario Act is copied by all other provinces as it was in Bill 49, there would be a large number of companies that are reporting issuers in several provinces, and there will be a substantial duplication of this work and of this expense. To avoid that, our new bill contains a new and much more restrictive definition of a reporting issuer, which in effect confines it to publicly trading companies with some local connection with this province, principally Manitoba companies and companies listed on the Winnipeg Stock Exchange.

For these, our Commission will provide the supervision of the reporting necessary for keeping the lists and providing certificates. But for companies which are reporting issuers in other provinces, people here will be entitled to rely on the lists and certificates of the Securities Commission of the other provinces, which will usually be Ontario.

Fourthly, we've made a change in regard to the rights offering, which has a similar objective. A rights offering is an offering by a company of more shares to its existing shareholders. Hitherto, these have had to be improved by the Securities Commission of every province in which there were shareholders. This is another instance of duplication and our new bill takes a step towards eliminating this by permitting, in certain circumstances, a rights offering which has been approved elsewhere to be made in this province without also having to be approved separately by our Commission.

In conclusion it would be noted that the last section of the bill now provides that it will be brought into force on proclamation, but not before March 15, 1981. The Ontario Act, which came into force on September 15, 1979, provides what is, in effect, an 18-month transitional period from the old system to the new system. It has been pointed out to us by the Ontario Securities Commission that if we have a similar transitional period it would, for practical reasons, have to expire on the same date as theirs, namely, March 15, 1981. As we are unlikely to be able to complete the drafting of our new regulations until towards the end of this year in any case, we've concluded that it will be sensible to eliminate the transitional provisions from our Act, which of course is another difference between this bill and Bill 49. This necessarily means that our new Act cannot be brought into force prior to March 15, 1981. Although it is not essential that it be brought into force on that date, it is desirable that it should be, and that will be our target.

I will not detain honourable members longer on the purpose and principles of this new statute. It is a lengthy and complicated piece of legislation and a senior council of the Commission will be in attendance when it comes before Law Amendments Committee to explain any technical points honourable members may wish to raise. Without intending to foreclose that opportunity in the slightest, I simply issue the reminder that the basic principles of the bill have been debated with great thoroughness in Ontario and that the very limited nature of the representations made to our Commission over the past year seems to be a good indication that the industry and the investing public, generally, are reasonably well satisfied with this revised version.

Mr. Speaker, I recommend the bill to the House.

MR. SPEAKER: Are you ready for the question? The Honourable Member for Kildonan.

MR. PETER FOX: Mr. Speaker, I move, seconded by the Honourable Member for Elmwood, that debate be adjourned.

MOTION presented and carried.

BILL NO. 95 — THE ELECTIONS ACT

MR. SPEAKER: The Honourable Attorney-General.

HON. GERALD W.J. MERCIER (Attorney-General)(Osborne) presented Bill No. 95, The Elections Act for second reading.

MOTION presented.

MR. SPEAKER: The Honourable Attorney-General.

MR. MERCIER: Mr. Speaker, this bill revises the present Election Act. Many of the changes in election procedures in Bill 95 stem from the recommendations contained in a review of The Elections Act which was prepared for the previous government by the office of the Chief Electoral Officer in January of 1977. During the course of my speech I will refer to various recommendations made by the review. The Manitoba Law Reform Commission has also submitted reports on The Elections Act and when appropriate their recommendations were incorporated into this bill. Wherever possible, Mr. Speaker, Bill 95 attempts to make it easier for voters to participate in the electoral process.

A major change in The Elections Act is that the election committee, as established under The Elections Finances Act, which I will introduce next, Mr. Speaker, will be responsible for the enforcement of The Elections Act under the present Elections Act. Under the present Elections Act the Attorney-General is responsible for prosecuting violations of the Act. I have, on a number of occasions in the past, commented on the untenable position that any Attorney-General is put in when called upon to decide whether or not to prosecute a fellow politician for violations of The Elections Act. The potential conflict of interest situation hampers any attempt to enforce the law.

Mr. Speaker, on a number of occasions I have indicated that I favour the establishment of an election commission to enforce The Elections Act. The commission is to be comprised of the Chief Elections Officer, a Chairman appointed by the Lieutenant-Governor-in-Council and two representatives from each party which is represented in the Legislature and recognized as a political party under The Legislative Assembly Act.

Mr. Speaker, the establishment of an election commission to enforce The Election Act should ensure compliance with the provisions of The Election Act. There is a change in the eligibility requirements for voters and a person now only has to reside in the province for six months rather than one year in order to be eligible to vote. Also, a change will be made in the future which will require a person to be a Canadian citizen in order to vote. This will be a change from the present Act which allows British subjects to vote in provincial elections. The new citizenship provision is the same as that contained in The Federal Election Act. The effects of this provision will come into effect on June 30th, 1983, Mr. Speaker, so that British subjects will be able to vote in the next provincial election.

Mr. Speaker, Bill No. 95 establishes the office of the Chief Electoral Officer as a separate and distinct office. In the past, the Clerk of the Legislative Assembly has acted as the Chief Electoral Officer. As late as 1977, Manitoba and Prince Edward Island were the only provinces which had part-time Chief Electoral Officers. The review recommended that the Chief Electoral Officer's position be a full-time one. The complexity of modern-day elections in the extended responsibilities of the Chief Electoral Officer has under The Election Finances Act, demand that the position be full time. He will hold his office on good behaviour in the same manner as judges. He can have his salary reduced or he can be removed or suspended by a vote of two-thirds of the members of the Assembly voting thereon. He is not to engage or participate in any way in partisan political activities and shall not vote in any election. In other words, he has been removed from the Executive Council and placed squarely under the responsibility of the Legislative Assembly.

This Bill enumerates, and in some cases, Mr. Speaker, extends the power of the Chief Electoral Officer. The review recommended that his powers be specifically stated, because the wording in the present Act was very general and somewhat vague. He has certain special powers including the power to extend the time for doing anything under The Election Act, except to extend the hour for the opening or closing of an ordinary or advanced poll or for the accepting of a nomination paper.

During an election, the Chief Electoral Officer may also remove from office and replace any election officer for any of a number of reasons, including the failure of the election officer to perform satisfactorily the duties of his office or the involvement of an election officer in partisan political activities. The definition of election officer includes a returning officer, an election clerk, a deputy returning officer, and a poll clerk. Where the Chief Electoral Officer removes an election officer, he is required to submit a written report to the president of the Executive Council, setting out the name of the election officer who is removed and the reasons for the removal, as well as the name of the replacement. His powers are similar to those of a Chief Electoral Officer in Nova Scotia.

Mr. Speaker, this Bill changes the time-tables for elections. The day for nominations is moved ahead one week, nomination day will now be 21 days before polling day. This change had been recommended and will give officials more time to deal with matters which come up after nomination day. As well, and because of this change, there can be an advanced poll on the Saturday after nomination day. The effect of this change is to widen the opportunity for voters to vote in an election.

The enumeration process is changed in that enumerators will only be required to show a person's name and address on the voters' list. The person's occupation is now longer required. This change was recommended in the review by the Manitoba Law Reform Commission.

Mr. Speaker, this Bill completely revamps the procedure to revise voters' lists. The purpose of these changes is to get more people on the voters' list. As well as the normal revision, there will be a continuous revision, up to five days before polling day, during which a person will be able to come to the returning officer's office and have his or her name put on the voters' list. In any type of revision, a person will have to apply in person to have his name put on the list. However, if that person is unable to attend because of sickness or disability or unavoidable absence, a relative of the person by blood or marriage may appear before the revision officer and have that person's name added to the list.

Ontario has a similar revision procedure. Any voter in an electoral division may apply to have a person's name struck off the voters' list. Where a person's name is struck off, that person has to be notified of

such and given an opportunity to appeal. The provision which exists in the present Act for appeals from revision is abolished. Instead, Mr. Speaker, where a person's name has been struck off the list or where an applicant has not been successful in having his name added to a list or in having a person's name removed from the list, that person may apply to a County Court judge or a provincial court judge, who has to proceed summarily to hear the appeal. All appeals have to be considered by a judge before the fourth day before polling day.

The present practice in which a County Court judge sits all day to hear appeals was considered a waste of the judge's time. In most cases, the appeal was used to add names to the list. Given the establishment of continuous revision up to five days before polling day, it was felt that a day for appeals for revision was not necessary.

Mr. Speaker, the right to vote, of course, is fundamental in our democratic society and any person should have the right to appeal to court when his franchise is in any way affected. The number of appeals used in an election has been reduced. Mariners polls have been abolished. Hospital polls will only be put in place in those institutions where there are 50 or more beds. This is a change from the provision in the present Act which requires that a hospital poll be established in any institution where there are more than 10 beds. Voters who would normally have voted in mariners polls or in what used to be a hospital poll will be served by moving polls. The review recommended such a change. It will also be possible for the DRO in a hospital to move the ballot box to accommodate those who are too ill to go to the poll.

There will be a new form of ballot paper. The review recommended that the counterfold no longer be used. The primary reason for eliminating the counterfold is to avoid the confusion surrounding its proper use in the poll. The review stated that returning officers and DROs have misunderstood the purpose of the counterfold, which is to act as a check against floating ballots or telegraphing. Ontario abolished counterfolds on ballots and it has gone through two provincial elections without any serious incident.

Another provision which concerns the ballot paper is that unless a candidate is endorsed by a political party, the word "Independent" will be placed beside his name on the ballot. In an attempt to provide more voters with a chance to vote in an election, there will be additional days for advanced polling. As I mentioned earlier, the moving forward of the day for nominations by one week allows for an advanced poll to be held on a Saturday after nomination day. The effect of this is to provide the voters with an opportunity to vote in any one of four weeks during a provincial election. A number of persons have expressed concerns that the present Act did not provide sufficient opportunity for a person to vote.

This Bill establishes new procedures to help disabled voters, Mr. Speaker. For instance, a DRO will be able to move the polling booth up to 50 metres away from a building in order to help a disabled voter who cannot, or cannot without undue difficulty, enter the polling place to mark and cast his ballot.

As well, there is a new procedure for blind voters. They will be able to use a template. This provedure will allow a blind voter to cast a secret ballot. The federal government has successfully used this procedure in the past two federal elections.

There are new provisions in the Act with respect to scrutineers. Now scrutineers will be able to work at any poll in the electoral division providing they show the DRO the required written authorization of their appointment as a scrutineer. The appointment as a scrutineer is a blank appointment, so scrutineers can move from poll to poll. The one limitation is that no more than two scrutineers of a candidate can be present in a polling place at any one time.

The returning officer's role in an election is changed with respect to certain matters. Except for mail-in ballots, the returning officer will no longer rule on whether ballots should be rejected or counted. The DRO's ruling on whether or not a ballot will be counted or rejected is subject only to the decision of a judge or the judicial recount or the Court of Appeal and an appeal from the judicial recount. The returning officer will count the ballots to ensure that the totals have been properly added up. Mr. Speaker, this bill provides that a returning officer will only cast his vote, in those situations where a tie results after a judicial recount or after an appeal from an judicial recount. If such is the case, the returning officer has to cast his vote so as to break the tie so that one candidate can be declared elected.

Mr. Speaker, this bill revises and updates the numerous procedures involved in the electoral process. The establishment of an elections commission to enforce the Act is a significant and much needed improvement to the Elections Act. As well, a number of other changes have been made to make the electoral process more available to voters. Mr. Speaker, I would urge all members to support the bill. One final note, Mr. Speaker, I will be providing all members with explanatory notes on this bill, very shortly.

MR. SPEAKER: The Honourable Member for Inkster.

MR. GREEN: Mr. Speaker, I just have a question to the Minister. I would like to know from the Minister whether the provisions in the Act, which relate to the making of false statements for the purpose of influencing the election, and defamation of candidates for the purpose of influencing the election, are new sections?

MR. MERCIER: Yes, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Seven Oaks.

MR. SAUL A. MILLER: Mr. Speaker, a question to the Minister. I didn't quite catch him. He referred to hospital polls, or polls in hospitals. Did he say where there were less than 50 beds it would be a moving poll; but where there were over 50 beds it would not be a moving poll? Am I correct in what I heard?

MR. MERCIER: Mr. Speaker, I'll provide members opposite with a copy of the speaking notes I used.

MR. SPEAKER: The Honourable Member for Elmwood.

MR. DOERN: Mr. Speaker, a couple of questions. I didn't hear any logic provided or explanation about the change of the residency requirement. I just wondered if the Attorney-General had any explanation as to why that period of time is being shortened to six months?

MR. MERCIER: Mr. Speaker, again, I spoke to that matter and I'll provide members opposite with a copy of the remarks.

MR. DOERN: Did the Attorney-General say that the Act would be in place for the next general election in June 1983? Is that the soonest that the election will be called, since that's a six-year period and you obviously would be extending your normal term, or could the Attorney-General explain what the shortest period of time would be for this Act to come into effect.

MR. MERCIER: Mr. Speaker, the reference to June 30, 1983, was that British subjects will be able to vote up until that date. After that it is the intention to have the same provisions in this Act as in the Federal Elections Act so that a person would have to be a Canadian citizen to vote.

MR. DOERN: Then I assume that with that exception all the other proviisions of the Act would go into immediate effect?

MR. MERCIER: Mr. Speaker, this Act comes into force on a day fixed by proclamation.

MR. SPEAKER: The Honourable Member for Inkster.

MR. GREEN: Mr. Speaker, I don't pretend to be able to make an exhaustive speech on this particular bill at the present time but there are some matters in it which, I believe, are of such significance that they have to be immediately dealt with, and unless, Mr. Speaker, I wasn't listening as carefully as I should have one of the things that I think is of the utmost significance is the philosophy which deals with the Minister trying to legislate as to what can be said during an election campaign vis-a-vis the purpose of influencing the election. I believe that the Minister, and he will correct me now if I am wrong, did not say anything about those sections which referred to the kind of statements that can be made to influence an election. If he didn't, Mr. Speaker, it is significant by its absence because I consider that to be the most dangerous, the most significant, the most misguided and the most inappropriate piece in the legislation. The Minister said that he's going to deal with the major changes in the Election Act and left out a change, Mr. Speaker, which says that a person would be guilty of an election offence if he tried to influence the election, by the making of a false statement.

Well, Mr. Speaker, I think that all of us would be happy and would be happier if we thought that there was some law which could prevent the Conservative Party from making false statements to influence the electorate and I suppose we would all be happier, the Conservatives would be happier, if they thought that they could, by law, influence or stop the New Democratic Party, or for that matter any Independent New Democrat or any Liberal or any member of the Legislative Assembly, or any organization, or any newspaper, from making false statements with the intention of influencing the electorate. But that implies, Mr. Speaker, that there is somebody who can objectively adjudicate on what is a false statement. For instance, Mr. Speaker, in the last election the Conservative Party went about and said that the New Democratic Party, by its sequence of regulation of Lake Winnipeg first and Churchill River Diversion second, had cost the people of the province of Manitoba 600 million. Much as I find it difficult to accept the sincerity of that statement, I believe that some Conservatives, in any event, believed what they were saying and I firmly believe that it is a false statement. But we have always, Mr. Speaker, left that question to be adjudicated by the court of ultimate appeal, and that is the electorate. The Attorney-General, apparently because he did not like what was contained in some literature issued by the Member for Rossmere, has now set for himself the ambitious, and naively ambitious, objective of trying to, by law, determine whether what is said by a candidate, a party, an organization, a newspaper, becomes a false statement in an election campaign. Mr. Speaker, I firmly believe, and I hope that I'm being honest with myself and honest with the House, that I have tried to run for office on the basis of accurate and honest information. I also believe, Mr. Speaker, that there are Conservatives, or opponents — and indeed I can't even limit it to that — who would say that the Member for Inkster made a false statement and I have been prepared for that, Mr. Speaker, insofar as it was going to adjudicated upon by the electorate. But what the Minister is saying is that can be adjudicated upon by some legal procedure. I'm not sure, Mr. Speaker, but I think that in a democratic society, as we know it in the western world, that kind of attempt is unprecedented and can, Mr. Speaker, lead to the strangest abuses because there is no such thing as objectivity on the part of people who are engaged in political affairs. The attempt to legislate that there is will not be an improvement of the democratic system but, in fact, has within it the seeds of destruction of the democratic system, as we know it, because if the subjectivity in the determiner happens to be of one political stripe or another, then the people who are pursuing these allegations will be doing it with that subjectivity in mind.

I want to tell the Attorney-General that this kind of street, once it's travelled on, does not guarantee a particular form of objectivity, it can have the opposite effect as to what the Attorney-General thinks it can have because things which he today believes are false, and which he today believes can be adjudicated upon by a judge, can go full circle. And the people who are adjudicating and their subjectivity — and if the Minister has absorbed his jurisprudence he will know that there is an inarticulate major premise which guides the determination of any judicial officer and if that inarticular major premise suddenly becomes something which is completely contrary to his

opinion, he will subject conservative opinions to adjudication. And I say opinions because the Minister, in talking about The Defamation Act, said that there is a neat line between statements of opinion and statement of fact. Can the Minister tell me whether the statement that Lake Winnipeg Regulation cost the province 300 wasted dollars, whether that is a statement of opinion or a statement of fact? —(Interjection)— Well, the member says it's a false statement and I want to say it is a false statement and I don't want to be prosecuted by the powers that be because I make that statement, believe it to be true, and somebody else forms a different opinion on that statement.

Now, Mr. Speaker, the history of democratic elections has been one of charges and countercharges and we are talking about trying to say that a person, during an election, who makes a false statement of fact in relation to the personal character of another person, can be prosecuted and be found guilty of an election offence and it could be the other candidate. It's a noble thought, Mr. Speaker, but it is naive in the extreme that the people to adjudicate that thought are best some type of judicial tribunal that's going to decide whether an election offence has occurred or has not occurred.

I agree that people who make false statements should be punished, Mr. Speaker, and my faith in the democratic process is that ultimately — and not in each individual case — but in the long run truth prevails and falsity is defeated and the notion that can be determined any other way than through giving the power to the people to make that determination, is naive, Mr. Speaker, and I believe self-defeating and destructive. That can only be determined by the public, not by a judge.

If we went over the history of elections, Mr. Speaker, we will find that sometime early in the 1920s the Conservative Party released to the British people a letter allegedly written by Zinoviev, one of the members of the Politburo of the Soviet Union congratulating the labour party and the "Zinoviev letter" was used to defeat labour. I believe that the letter was never proved to be a letter from Zinoviev, that it was probably a forgery, but it had an effect on the British elections. Is the Attorney-General really of the opinion that this kind of legislation would have affected that election? Or is it not the case, Mr. Speaker, that what would happen with this kind of an election, this kind of provision, is that people, rather than going and fighting the issue, the falsity, the truth of the issue on the hustings, would try to get it adjudicated upon in a court — and I hesitate to use this example except I believe it's a good one — so that they don't then have to rely on their own credibility but can rely on what they think is the credibility of a judge; that the Conservative Party, for instance, no longer willing to accept its own credibility, with regard to the Churchill River Diversion and the Hydro development, said that we would accept the credibility of a judge and he will decide. Well, wouldn't it be the case, Mr. Speaker, that if the tables are turned there will be the counter-type of attempt and doesn't that itself imply a corruption of the entire procedure? Because there will be, Mr. Speaker, among some unscrupulous people, the desire to see to it that the people who are going to make the adjudication have the correct inarticulate major premise with respect to these matters.

The Honourable Minister has indicated that these provisions are new. I am not aware, Mr. Speaker, as to them existing in any other place. I say that I don't care whether they exist in another place or not, they are, Mr. Speaker, the most profound change in the democratic procedure that I have seen and not a change for the better.

Let's be sure of our terms, Mr. Speaker. I believe in accuracy and honesty during election campaigns. I believe that somehow that has to be determined. I believe the termination of that issue, however fallible that determination may be, is best left to the electorate. I believe that any attempt to take that determination out of the hands of the electorate and putting it into the hands of adjudicators will not result in more truth and honesty, but will result in less truth and honesty. So I don't wish to be interpreted here as being one who opposes these sections because I am opposed to truth and honesty. Let the honourable member know what he is trying to do.

There was election material put out by the Conservative Party, showing that the New Democratic Pary intended to nationalize the churches. I believe this was in 1973, that there were cartoons, etc., showing that this is to be the case. Mr. Speaker, I believe that this was a false statement, knowing it to be false, but I also concede that there are Conservatives who feel that the ultimate, in terms of New Democratic Party government, is that type of result. I think that they are, or at least I think that they think they can make miles with that type of message.

I'm prepared to fight the falsity of that message. I have always been prepared to fight the falsity of that message, and I am sure that Conservatives are prepared, or have been up until now, prepared to fight the falsity of the contrary message. The same, Mr. Speaker, is true with regard to defamation. There have been defamatory statements made about opposing candidates in elections campaign, and up until now if it is a defamation which is beyond that which is almost accepted in public life, and for which there are special legislative rules, the law of defamation could apply. But it was never made, Mr. Speaker, an election offence.

Now I am not sure, Mr. Speaker, whether a person who commits an election offence thereby disqualifies himself from running for office. That used to be the type of thing that was contained in these Acts. I notice that there is one provision, Mr. Speaker. —(Interjection)— Well, my friend, the Member for Seven Oaks, says, well, it's not quite that bad; he goes to jail. It certainly is subject to fine and imprisonment. But let's look at the totality, if he was disqualified from running for office and I note that under one section a person is only qualified for a candidate if he has not become, under any law, incapacitated on account of having been found guilty of a practice or an act which would constitute an election offence, if practiced or committed in respect of an election under this Act.

So the end result, Mr. Speaker, is, if you can get him for an election offence, you can prevent him from running for office and you could disqualify him. Now I'm not sure that an election offence under this

Act disqualifies him for office; but it used to be the case, certainly, and it can still be the case under a federal Act.

Mr. Speaker, I am not sure that the Honourable Attorney-General really knows where he is going. I have read, I urge the Minister to believe that I have read false statements in the Winnipeg Free Press on the editorial page, designed to influence the outcome of the election. Is my honourable friend really saying to me that now I have another weapon I can lay an information against them and have them charged and have them convicted? Well, I don't know; I have to go back. He's shaking his head. Every person, who, during an election, for the purpose of influencing the outcome of an election, publishes any false statement of a material fact relating to any candidate in the election or any political party endorsing a candidate in the election, or any measure or proposal supported by a candidate in the election or by a political party endorsing a candidate, is guilty of an election offence.

Can he tell me how the Winnipeg Free Press gets out of that section? They are a person, they are intending to influence the election. Does the Minister really believe that the Winnipeg Free Press is not intending to influence the election. Or if he saying that, then he is saying much worse than what I think he is saying. He is saying, candidates, but not powerful organs, such as the Chamber of Commerce or the Trade Union movement, every person, for the purpose of influencing the outcome of the election, publishes any false statement of material fact relating to any candidate, any political party endorsing a candidate, any measure or proposal supported by a candidate in the election or by a political party endorsing a candidate in the election.

Let us assume that we were dealing with the proposal "Medicare" and that somebody, in pursuing the provision of Medicare, said that the Medicare system in Britain has resulted in a higher degree of health than what we have in Canada, and the Conservative Party thought that was wrong so they adjudicate whether that statement, which is a mixed statement of fact or opinion, is correct, and if it's wrong, there is an election offence committed, if it's wrong in the eyes of a judge. Mr. Speaker, the First Minister has said, on numerous occasions, that members on this side are Marxists. Now, does a member on this side have a right to sue the First Minister, saying that he is guilty of an offence because he has been defamed that it is a false statement of fact relating to the personal character or conduct of a candidate during the election. Because I have always felt that the First Minister falsely accuses certain people on this side of being Marxists, but never in my most perverse imagination have I dreamed that the way of getting the First Minister is to sue him for having committed an election offence.

I've always thought the best way to do it is to show the stupidity of that statement to the public of the province of Manitoba and have them vote against the First Minister, and I think, Mr. Speaker, I'll win. I think that I'll win. I think that truth will prevail. What I'm worried about is that there will be a prosecution and that some judge will say that the First Minister was right, and that becomes the law, that he did not commit an election offence.

Now the Honourable Attorney-General, I am convinced, does not know the depth to which he intends to go in interfering with the right of freedom of speech upon which any democracy must depend. This is the kind of material, this is the kind of laws that are introduced, Mr. Speaker, in totalitarian states to preserve the regime and then they it's false. What if there was, Mr. Speaker, a party in the province of Manitoba that advocated the kinds of things that were advocated by the Nazis in Germany? The remedy is not to prosecute them because they may use the reverse. The remedy is to show the falseness of their position and the falseness of their position cannot be determined in a court of law. It can only be determined in the court of public opinion and the attempt to take it out of the court of public opinion and put it into a court of law strikes at the very heart of what we are doing here. How many times, Mr. Speaker, have you been asked to determine whether somebody has made a false statement or not made a false statement and you've said that a difference of opinion does not constitute a false statement? How are we to be certain that kind of determination is what is going to be followed in this type of adjudication?

Mr. Speaker, these provisions have no place in an Act setting out how elections shall be conducted in a democratic society, no place whatsoever. If there is a defamation there a law of defamation to deal with it and the law makes considerable allowances for opinions that are political in nature and the attempt of the Attorney-General to regulate literature, to regulate newspapers, to regulate statements will not enhance the truth and quality of what is being done. It will have the reverse effect, Mr. Speaker, it make legal one form of political opinion as against another form of political opinion. I ask the Attorney-General to believe me, or to at least try to accept the sincerity of my remarks, that I wouldn't care if it's one way or the other way; I wouldn't care if suddenly the New Democratic Party came to power and were able to somehow infiltrate the entire judicial procedure with people who are of their inarticulate major premise which, of course, has happened in certain countries. I'm not talking about the New Democratic Party countries or the reverse but that has occurred; certainly Germany infiltrated the entire electoral procedure and the adjudication and the inarticulate major premise of some its judicial people. Then I hope that I would stand here and fight just as hard for the right of the opponents of that party to make their positions, to carry those positions to extreme and exaggerated and even ridiculous proportions with the full knowledge that, given the intelligence of the people, those exaggerations, those outright lies, those falsities will receive a more proper adjudication at the hands of the public than they will in any forum which depends on advocacy and the judgment according to how an election offence is determined. So, Mr. Speaker, that part of the Act which was significantly and studiously avoided by the Attorney-General, when he introduced this legislation, is possibly the most dangerous, the most profound, the most sinister attack on what is true democracy and the right to freedom of speech that has ever been introduced by any Minister of the Crown in any democratic jurisdiction. To my knowledge at this present, Mr. Speaker, to my

knowledge, and the Minister will have the opportunity — and I say that openly — to show that I'm making a false statement, if he thinks that it is false, and to demonstrate that it is false and to appeal to the public to say that this is wrong. If he does, Mr. Speaker, then I will quickly try to rectify what I am saying but I, at the moment, do not see it that way and if this existed before and in other places, then I am not aware of it. That's why I asked the Minister does it exist now. He says, no, it's new. If it's new, then it is a real problem.

Mr. Speaker, I also am concerned that the prosecution of election offences should reside with the commission rather than with the Attorney-General. The commission, Mr. Speaker, is an establishment commission. It's interesting, I mean the Liberal Party has no role on that commission; the Independent New Democrat has no role on that commission — I'm not sort of begrudging the fact that I have no role. I am showing that once you set up commissions of political parties which were unknown, Mr. Speaker, the concept of political parties is a natural growth, it was never a legal concept until very recently. Political parties merely meant that certain elected members would get together and use their collective position to vote in a particular way and didn't always do it.

I heard a member on this side of the House say last week that, let's face it, the backbencher has no role except to support the government. I firmly believe, Mr. Speaker, that is an erroneous idea as to what parliament is. I know that when I was in government I was very concerned with what the backbenchers, on both sides of the House, were going to do and I had to legislate in such a way as to maintain the support of those backbenchers. I did not take for granted that they would support the government because I brought something in, and anybody who does will not govern very long. But we are now apportioning power in elections to political parties. I believe that the Attorney-General should still be the one who enforces the law. I believe it can be done, regardless of the party that he belongs to, but if he is seeking to take it out of the hands of a person who happens to be elected under a particular political position then, Mr. Speaker, have it done by somebody like the Ombudsman. I'm not calling about great reform in this area. I believe that there is sufficient attention paid by an Attorney-General to his responsibilities that he will prosecute regardless of the political party. Sometimes bend over backwards to show that he is not going to give any favour and that has happened. It's happened in every jurisdiction.

Certainly Mr. Bennett prosecuted Mr. Davis in connection with a particular offence. The federal government has prosecuted people who are MPs of the same party. It has happened throughout and should happen again, but if there is a change, don't put it into the hands of the political parties because that is not the best place for it to be. There are trade-offs with political parties; they are getting together deciding what is going to happen. It is not a clinical procedure and the Attorney-General should not regard it as one. I am more concerned, Mr. Speaker, that there be any ultimate disqualification other than by the people and this is something that I know existed in the past, it probably exists still in certain statutes but which, I believe, we were progressively trying to eliminate that no Attorney-General, no judge, can do anything more than disqualify a candidate or disqualify a person who is elected. He should not have the power to disqualify him in the future. I'll give the Minister an example. If a person is convicted of an election offence — and I'm not sure, by the way, that occurs under this Act — there used to be a provision that he couldn't run for another six years. Therefore, his conviction would be the conviction of a court. I am suggesting, Mr. Speaker, that wherever that occurs, ultimately if the offence of which a person has been convicted is so regarded by his electors as one which will disqualify him, let that be the disqualification. Let the court rule in the first instance, but let them not say to the public that you are prohibited from re-electing this person, if you so desire, because the public may have an entirely different view as to whether that person did something wrong or did something right and we should have the confidence in the democratic system to let the public make that adjudication. I say this with respect to — it happened with Mayor Hawryluk who was disqualified by the courts and re-elected by the people.

MR. SPEAKER: Order please. The Honourable Member has five minutes.

MR. GREEN: It happened in numerous cases, Mr. Speaker, in England. I believe it was Rothschild who was elected and couldn't take the oath because of his religion and was disqualified from sitting. He went back to the public and they re-elected him and they re-elected him enough times that parliament subsequently changed the oath.

MR. LEN DOMINO (St. Matthews): What about Louis Riel?

MR. GREEN: Mr. Speaker, the fact is that Louis Riel was elected and he was hanged. If Louis Riel was not hanged and wanted to stand for office and the public wanted to elect him, I would say that it up to the public and I'm not really of the opinion that this decision is better made than through the public. Therefore, I am suggesting to the Minister that I know that it exists in one section, in any event, that it be the public who decides subsequently whether a person can stand for office and not what has been adjudicated. The most recent example of it is Jack Davis who was, of course, dismissed from his own Cabinet, convicted of a criminal offence, went and faced the public and they elected him. They elected him, apparently they gave him a pretty good vote in British Columbia and I think that is their right, that is their right to decide. So, Mr. Speaker, I took the floor because I was most concerned with that one area which the Minister naively thinks will bring about greater accuracy in election campaigns but, in fact, will bring about a reduction in accuracy because all of the various opinions will not come out. Furthermore, he believes that it is a way of adjudicating; it will be a less satisfactory of adjudicating the falsity or the responsibility of candidates in elections than to let the public decide because it is the court of best resort in matters affecting political life.

MR. SPEAKER: The Honourable Member for Kildonan.

MR. FOX: Mr. Speaker, I move, seconded by the Honourable Member for Churchill, that debate be adjourned.

MOTION presented and carried.

BILL 96 — THE ELECTIONS FINANCES ACT

MR. MERCIER presented Bill No. 96, The Elections Finances Act, for second reading.

MOTION presented.

MR. SPEAKER: The Honourable Attorney-General.

MR. MERCIER: This Act establishes a system of regulation of election financing in Manitoba. The provisions in the present Election Act which deal with election financing have been criticized by a number of observers. Before I outline some of the major provisions of the this new Act, I would like to briefly discuss some of the concerns which underly election finance legislation and the need to reform the existing legislation. During the last decade most jurisdictions in Canada enacted some form of election finance legislation. Some jurisdictions established bureaucracies to administer quite technical rules and regulations. The main focus of this bill, although it does contain some limits and regulations, is to provide the public with knowledge about election financing for it is the public which makes the final decision as to the policies and practices of political parties and candidates on election day. There are a number of areas of election financing which merit some consideration.

Firstly, Mr. Speaker, election costs have increased in succeeding elections, due to a number of things, such as inflation and the growing use of media advertising as a means of campaigning. All political parties have as traditional sources of funds, individuals, corporations and trade unions. As election costs have increased, political parties have had to turn to their contributors for further donations. There has been a tendency in Canadian politics for political parties to rely on large donations. The Law Reform Commission pointed out that mass solicitation of funds has been tried in Canada and it has too often failed. As I mentioned earlier, politicians, be they Conservatives, New Democrats or Liberals, rely on large contributions from individuals, corporations and trade unions. The drawback to such a reliance is the potential for large contributors unduly influencing politicians. I believe that the possibility of such undue influence is more apparent than real. However, governments must act, and must be seen to act, solely in the public interest.

Secondly, Mr. Speaker, as I mentioned earlier, a major reason for the increase in election costs has been the increased use of media advertising as a means of campaigning. Some critics are concerned that those political parties and candidates who apparently have access to substantially more financial resources than other candidates may have an unfair advantage given the moneys needed to purchase media advertising.

Thirdly, in the past, political parties have not been very open in disclosing to the public the nature of their financing. The mystery and secrecy that surrounds political financing has caused the public to be suspicious of political practices in this area.

Mr. Speaker, it may be possible to deal with some of the concerns that I have just mentioned with respect to election financing by means of legislation, which should concern itself with a number of issues.

One, the legislation should attempt to facilitate the raising of funds by political parties and candidates. The broadening of the base of financial support for the political process would lessen the dependence by parties and candidates on traditional sources of funding, and this would lessen any undue influence, be it apparent or otherwise, that potentially might be placed upon a politician.

Secondly, giving the mystery and secrecy that surrounds political financing, and the consequent suspicion which may result from a lack of knowledge of such matters on the part of the public, the legislation should require that there be disclosure of relevant financial information with respect to election financing. Greater public awareness of political financing may serve to decrease the suspicion that the public may have of the financial dealings of politicians.

Thirdly, given the increased use of media advertising, which itself is quite expensive, by political parties and candidates, the legislation should not permit those who have access to significantly more financial resources than their opponents from having an unfair advantage in this area.

In a more general vein, the new legislation should have the respect of the public and the respect of those to whom it applies. In order to do so, Mr. Speaker, it should, of course, be reasonable and enforceable and above all, it should be enforced.

The present Election Act contains provisions which deal with election finance control. These controls have not been very effective. There have been no prosecutions of election finance violations, and in fact there has been open defiance of those provisions.

I will point out some of the major inadequacies of the present election financing provision. One drawback, in my view, Mr. Speaker, is that the Attorney-General is responsible to the enforcement of that Act. I suggest this is undesirable because it places any Attorney-General who is responsible for the enforcement of all provincial laws, in a precarious position because he is also a political figure, particularly in this area. There is a potential conflict of interest in any situation where he has to consider the enforcement of legislation which directly affects politicians.

As members are all well aware, Mr. Speaker, no prosecutions have ever been laid under the Elections Act. There's little respect for the election finance provisions, as can be witnessed by the open and flagrant violations of the election finance provisions by candidates in the 1979 provincial by-elections.

There's some doubt, Mr. Speaker, about the appropriateness and effectiveness of Section 126 of the Elections Act, which purports to prohibit business

contributions to any political purpose, during an election. The section has never been enforced and is of questionable value. It has been reported that, I believe, by the former Chief Electoral Officer, that something should be done with this section because in its present form it is unsatisfactory. The present spending limits may be unrealistic because of the difficulties in value and expenses. Also, Mr. Speaker, those expense limits only apply during an election.

The disclosure provisions contained in the present Act are not particularly extensive. A survey done by the Ontario Commission on Contributions and Election Expenses pointed out some of the weaknesses of the disclosure of provisions in The Manitoba Election Act. They stated with respect to those disclosure provisions, of the legislative provisions involved only Manitoba's are of doubtful effect. Section 170 requires parties to file annual audited statements, but fails to specify a deadline. It requires individual donations greater than 250 to be specified, thus it is not necessary to specify the individual donor.

The Election Act is being criticized because there is no specific penalty for the breach of spending limits contained in the Act. The only penalty that would apply is that which normally applies to the breach of any provincial statute.

Mr. Speaker, I'll now outline the major provisions contained in the new Elections Finances Act.

Mr. Speaker, this bill establishes an election commission which will administer and enforce the provisions of the Elections Finances Act. As well, the commission will be charge of the enforcement of the provisions of the Elections Act. I have pointed out on many occasions that the present requirement that the Attorney-General's office enforce the Act is altogether unsatisfactory. The Manitoba Law Reform Commission recommended that there be established a separate commission to enforce election finance legislation. Ontario established a commission on election contributions and expenses. To the best of my knowledge the commission has adequately dealt with the regulation of election contributions and expenses.

The commission will consist of a chairman appointed by the Lieutenant-Governor-in-Council, a Chief Electoral Officer and two representatives from each political party recognized as a party under The Legislative Assembly Act. This requirement is similar to a provision of the Ontario Finances Reform Act. There are certain restrictions on the members of the commission. They cannot contest a seat in a federal-provincial election while they are members and they cannot act as official agents or campaign managers of a candidate in either provincial or federal election while they are members.

The commission has a number of powers and duties. A major duty is to ensure that parties and candidates disclose relevant financial information. It will also assist political parties and candidates in preparing statements and returns as required under the Act. The commission will examine all statements and returns, prescribed forms and the contents thereof, for use under the Act, as well as preparing, printing and distributing forms. The commission may grant extensions of time for the filing of statements. The commission is required to file a report annually with the Speaker of the Assembly, who shall table it in the Assembly. The public have the right to inspect any statement and return that is filed with the commission and to obtain copies of any such documents.

Mr. Speaker, the commission has the power to initiate prosecutions against those it suspects to be in violation of the provisions of the Elections Finances Act. It has the capacity of a natural person and may lay informations and complaints and institute proceedings. It has all the powers and authority of officers of the Crown. Only the commission may institute prosecutions for offences under The Elections Finances Act. The commission's power to initiate prosecutions is extremely important, Mr. Speaker. It removes the responsibility of prosecutions of violations of The Elections Act from the office of the Attorney-General and as such, Mr. Speaker, remedies one of the major defects contained in the present Elections Act.

I bring to your attention a statement made by the Ontario Commission on Election Contributions and Expenses and its comparative summary of election finance legislation in 1978. It stated, and I quote: "Perhaps the greatest defect common to all political finance legislation in Canada is the inability of an independent body to prosecute offences in its own name." I might add that the Ontario Commission on Election Contributions and Expenses has asked the Ontario Legislature to give it the power to initiate prosecutions. The commission will keep a record of all political parties and candidates and their respective chief financial officers. It will also keep a register of all registered political parties and candidates. The commission, upon registering a political party or candidate, will issue the registrant a registration number which is to be used on all receipts, including tax credit receipts.

Mr. Speaker, this bill allows political parties and candidates to register with the commission. The provision is not mandatory because there may be some parties or candidates who, for whatever reason, would rather not register. There are, however, certain distinct advantages to registration. Tax credit receipts, a matter which I will discuss at greater length in a few minutes, can only be issued by parties and candidates who are registered with the commission. Also, any transfers of moneys to parties or candidates require that the receiver be registered with the commission. Political parties and candidates must still file the required financial statements and returns with the commission.

In order for political parties to apply to register, they have to fulfill one of a number of requirements. The party can apply to register if it has four members in the Legislature. There is also, Mr. Speaker, a provision which will allow any party that is represented in the Legislature to apply for registration within six months of the coming into force of this Act. There is provision for political parties not represented in the Legislature to apply for registration. Such parties must provide the commission with a petition for registration, signed by not fewer than 2,500 persons who are: 1) eligible voters during the most recent election prior to application; and 2) who have also taken out a membership in that political party. This provision is demanding, yet not unfair to political parties who are not that well established.

The requirement, I suggest, Mr. Speaker, is demanding enough so that fringe or crank parties won't be allowed to have the benefits afforded to an organization that is registered with the commission. The political parties desiring to register will have to file a financial statement with the commission. Candidates may also apply to register with the commission. They will have to satisfy the requirements of The Elections Act, the registration will only take effect after the writ of election for an election has been issued.

The Law Reform Commission recommended that political parties and candidates be registered. If there is going to be control over election financing, that control should be exercised over the major participants, which include political parties and candidates. The federal government requires political parties and candidates to register. In Ontario and Alberta, political parties and candidates must register.

Some may question the effectiveness of controls contained in Bill 96, given that constituency associations are not required to register under the Act. It may be suggested that this could create a large loophole by which parties and candidates could circumvent the legislation. Registration of constituency associations was considered, Mr. Speaker, but such a provision was considered unnecessary, provided that certain prohibitions were placed on constituency associations.

The federal government does not require constituency associations to register. There have been discussions with the Director of Election Financing in Ottawa, who stated the federal government has not had any problems as a result of not requiring constituency associations to register. Federal legislation imposes certain prohibitions on constituency associations, including a prohibition from collecting contributions and expending moneys on behalf of a candidate during an election. This bill, Mr. Speaker, contains similar provisions.

As I mentioned earlier, a number of jurisdictions require constituency associations to register and to file annual audited financial statements. For the most part, constituency associations are not generally active between elections. During elections, they disband and work as part of the candidate's campaign committee. To require them to register would be an increase in paper work and one must question the relevance and pertinence of that information. It is still possible, Mr. Speaker, for individuals to contribute to constituency associations, but given the fact that they won't receive a tax credit for it, it is unlikely that many people will contribute in such fashion. I would point out that if a constituency association does contribute to a candidate or political party, it has to name the sources of the contributions.

Mr. Speaker, the fact that constituency associations do play a part in the political process cannot be denied. This bill will allow constituency associations to raise money by way of general collections, and some fund-raising functions, but they can't give tax receipts. It was felt that to simplify the legislation and to minimize the administrative machinery needed to monitor election financing, it would be better not to allow them to register.

Mr. Speaker, this bill contains a number of provisions which deal with political contributions. First of all, Section 126 of the present Elections Act is repealed. Individuals, trade unions and corporations and other groups, can donate to a political cause at any time. The Chief Electoral Officer recommended that something be done about Section 126, given its apparent ineffectiveness and one of the alternatives that was suggested was its repeal. It has never been enforced. The Law Reform Commission of Manitoba recommended it be repealed. Quebec is the only province in Canada which has a limitation on political contributions with respect to source.

The Barbeau Committee, a committee set up to study election financing at the federal level in the 1960s stated there should be no restrictions on the source of political contributions. The Ontario Commission on the Legislature, in its report on elections financing in 1974, recognized that corporations are a major source of funding to political parties as are trade unions. These sources of funding should not be denied to a political party. Mr. Speaker, political parties and candidates are prohibited from accepting contributions from outside of Manitoba. The federal parties will be able to transfer a limited amount of money to a provincial party during an election campaign.

The basis for these provisions is that Manitoba elections should be funded by Manitoba money. A political party should get its financial support from the residents of the province. They should not be propped up by outside influences. The Manitoba Law Reform Commission recommended such a prohibition be enacted. Ontario and Alberta have a similar restriction on contributions. Mr. Speaker, the provincial parties are also prohibited from transferring moneys to the federal parties. There are no monetary limits on political contributions. This follows the Law Reform Commission's recommendation. The Law Reform Commission felt that there was no problem with excessive contributions. The Barbeau Committee studied the question of limits and contributions and felt that it could easily be circumvented and thus was of little use. A large donation can easily be split up among several persons, for example, members of the same family. The disclosure provisions contained in the Act may discourage excessive contributions.

Mr. Speaker, there are a number of other provisions which deal with contributions that I'll briefly point out to the members. Payroll deductions for union members which exceed 10 cents per month, are considered political contributions by the union member. Both Ontario and Alberta have a similar provision. A candidate's own funds are considered contributions if he becomes a registered candidate in the election, even though he may have spent the funds before he registered. The legislation stipulates that general collections, as long as individuals donations are less than 25.00, are not considered contributions but the gross amount has to be reported. Also funding-raising functions are not considered contributions except where there is an admission charged; then three-quarters of the charge will be considered a contribution. Alberta and Ontario have similar provisions.

Mr. Speaker, this bill recognize the tax incentives to be contained in amendments to The Income Tax Act for those who make political contributions. A maximum tax credit of 500 will be available against provincial income tax payable. This scheme is similar to that of the federal government. Alberta and Ontario have tax credit provisions in their legislation. The formula for the tax credit will be as follows: There will be a 75 percent tax credit for the first 100 donated; 50 percent tax credit for the next 450 contributed; 33-1/3 percent tax credit for any contributions over 550 to a maximum of 500.00 tax credit. Thus a person may receive the maximum tax credit of 500 if they donate, in aggregate, 1,150 per annum to a registered political party or a registered candidate. The Law Reform Commission in its report on political financing and elections expenses recommended the use of the tax incentives, specifically a tax credit, to increase the sources of political funding.

A tax credit is desirable because it broadens the financial base of political parties and candidates and thus they may become less dependent on large contributors. As most taxpayers are interested in obtaining tax credits, the tax credit system will make political contributions more appealing. This potential source of funds will force political parties to go out into the public more to ask for donations and, as a consequence, individuals may become more politically aware because they are donating some of their money to the political process. Obviously greater political awareness by the public is desired. A tax credit is an indirect form of public subsidy. It has the advantage of allowing the individual taxpayer to make a choice of where he wants the money to go, thus there is a correlation between individual preference and public funding. Mr. Speaker, I feel that the tax credits will provide political parties and candidates with sufficient financial resources to meet the ever-increasing costs of politics. As I mentioned earlier, tax credit are advantageous because the individual chooses where he wants the money to go. Because of these two factors, I felt that at this point it was not necessary to look at other means of political funding which may be used by other jurisdictions.

Tax credits will only be available to those who make monetary contributions to registered political parties and registered candidates. There will be no tax credits for donations in kind, although donations in kind are considered contributions for the purpose of recording and disclosure. The federal government uses this system of allowing tax credits from monetary contributions only. Given the difficulty involved in valuing donations in kind at times, I think it is easier to stipulate that tax receipts will only be given for monetary contributions.

Tax incentives will lessen the likelihood of the laundering of funds to the federal party. Laundering occurs when a person donates the money to the federal party, given the tax credits for federal political contributions but the money is directed back to the province. This practice circumvents the attempts to have financial disclosure of political contributions in the province. The B.C. Royal Commissions on Elections recommeded a tax credit system to counteract this practice. Mr. Speaker, as I mentioned earlier, only registered political parties and registered candidates, through their chief financial officers or registered deputies, can issue tax credit receipts.

Mr. Speaker, this bill sets limits on the amounts of money that can be spent on advertising during an election. The limits are 25 cents for the candidate and 40 cents for the party during a general election. The limits for a by-election are 25 cents for the voter for the candidate and 75 cents for the voter for the party. The limitation applies to publishing during an election period, (a) in any newspapers, magazines or other periodical publications or; (b) by broadcasting during en election period on any radio station, television stations or cablevision facilities or see by display during an election period through the use of any space on property or on a billboard erected on property where this is ordinarily a charge made for the space or the use of the billboard.

This limitation on media advertising expenses differs from the present provision in The Elections Act which limits total expenditures. It is difficult to directly compare the proposed limits with existing expenditure limits because the latter covers all election expenses, although a major proportion of overall election expenses today are media advertising expenses. Also one has to take inflation into account when comparing amounts which are set in different years. The Law Reform Commission recommended that there be specific limits on media advertising and no other expense limits. The Barbeau Committee, a committee which studied the federal election finances in the 1960s, also recommended that the only limitation on expenses be on media advertising expenses. The Barbeau Committee, the Ontario Commission on the Legislature and the Manitoba Law Reform Commission were opposed to the idea of a single overall limitation on election expenses. The opposition is based on a number of difficulties involved with a single overall expense on limitation.

For example, The Law Reform Commission referred to the problem of defining and valuing expenses. It stated there is unquestionably the most fertile source of controversy and confusion and the real nub of the problem with overall limitation. It is very easy to say that an expense or election expense is anything upon which a party or a candidate spends money in furtherance of its or his campaign for public office or anything which may be contributed in the way of services or goods to that campaign. But how do we catch the governing party which artfully improves the roads in a certain consistuency just prior to calling an election or a politician who travels at public expense to lay the cornerstone of a new hospital and spends a day glad-handing with the residents of his constituency?

The Ontario Commission on the Legislature refer to another problem, the donation of a fleet of cars for election use by an automobile dealer can obviously be identified and reported at commercial value but the lending of a private car on election day cannot. If the candidate supporters invite him to meet his constituents at their homes and provide refreshments for those present it would seem ludicrous to insist on placing a commercial value upon their hospitality. The Ontario Commission also referred to the difficult task for parties and candidates to place a commercial value on individuals who volunteer their services and, by doing

so, contribute some form of special expertise to the campaign. The Barbeau Committee refer to the problem, the actual amount of the spending limit. If the level is too low the result may be an evasion and a consequent lack of respect for the law. If too high, then a mockery will have been made of the whole purpose of imposing limitations. Limitations of whatever type can only be affected if they are reasonable and take into account the fact that elections cost money.

There is a problem with the period of time covered by the limitations. In most jurisdictions the expense limitations refer only to the campaign period — the time from the date of the issue of the Writ to the polling day itself. Parties and candidates can buy much of their supplies before this time in preparation for an election. Such a practice defeats the whole purpose of an overall expense limitation. The Barbeau Committee, although rejecting an overall expense limitation, did recommend that there should be some limitation on election spending and I quote: "The Committee believes that a body of evidence presented to it supports the need to make recommendations for some form of control of and limitation on election expenditures". The Committee does not, however, accept the argument that these controls can be effectively placed on the total expenditure of the candidate. A total dollar limitation is inviting by its simplicity but meaningless in practice. A total dollar limitation appears hopelessly inadequate in evaluating volunteers support worker services. It is also the Committee's contention that any attempt to place such a limitation could be easily circumvented. Controls and limitations in the Committee's opinion, should only apply to those items which can be traced and proved, i.e., the public media whose use can be policed so the controls will be meaningful.

The Manitoba Law Reform Commission concurred with the Barbeau Committee and I quote: "If limitation on expenditures are to be established the best approach is probably that suggested by the Barbeau Committee".

The provision for an expense limitation on advertising has certain advantages. The expenditures can easily be traced and it doesn't matter when they were purchased, for the limitations will apply to any advertised use during the campaign. Also, this limitation is significant because a large part of election expenses, especially at the party level, are on media advertising. Whether or not this is effective is another question but this style of campaigning is becoming more and more prominent in Canadian politics.

I bring to the members' attention the fact that Ontario passed similar legislative provisions which limit media advertising expenses in their Election Finances Reform Act of 1975. The Act also contains a provision which prohibits everyone, except the Chief Financial Officer of a registered political party or candidate, from incurring expenses for media advertising, or permitting or giving consent to any person to spend money on media advertising in support of or in opposition to a candidate in the election or a political party. Thus, a constituency association is prohibited from purchasing advertising for the candidate.

Mr. Speaker, I suggest that the limitations contained in this provision are meant to be reasonable. The limitation may prevent those who are in the advantageous position of having substantially more financial resources from taking unfair advantage of media advertising at the expense of candidates who are less well off. At the same time, however, the limitation attempts to recognize that political parties and candidates should not be inhibited in their attempts to transmit their message to the electorate and that the transmission of such does cost money. Political parties and candidates, as such, fulfill an educational purpose.

The Act contains a provision which gives the Commission power to change the limits on media advertising expenses should the ones contained in the Act prove to be unsatisfactory. On the other hand I bring to the members' attention, with respect to media advertising limitations, is that there is no prohibition against individual citizens or groups advertising on public issues. Such advertisements, however, cannot promote or oppose a political party or a candidate.

Mr. Speaker, this bill requires that all political parties file annual financial statements. These have to be filed within three months of the end of the fiscal year of the party. Each candidate is required to file an audited financial statement one month after the expiry of the campaign period. This is an improvement over the present provision. As well, both the political party and the candidate have to file financial statements which show the details of all expenditures made by or on behalf of the party or candidates for purposes of advertising. Any loans for political purposes taken out by a political party or candidate have to be disclosed to the Commission.

There are certain penalties provided in the Act for failure to disclose. The most significant being that a candidate, who does not file, will be ineligible to stand or be nominated as a candidate in any future election and if the candidate was declared elected, he will be ineligible to sit or vote in the Assembly and partake in any subsequent . . . That part of it, I believe, has been changed, Mr. Speaker.

The Act requires parties and candidates to disclose the names and addresses of contributors who contribute more than 250, in total, in any one year. It is not just confined to the election period, Mr. Speaker, but will go into effect from the day the Act goes into effect from the day the Act goes into effect.

Disclosure is the primary means used in The Elections Finances Act to control election financing. Public knowledge is an effective means of controlling political behaviour. Disclosure of names and addresses of contributors will also help to ease the pressure, apparent or real, in politicians from large contributors. Although some commentators feel that disclosure has a negative influence on funding because it tends to decrease the size the contributions from others, I feel that this negative effect does not outweigh the positive benefits of public knowledge of election financing.

Some might criticize the disclosure provisions because they might allow an individual to potentially contribute over 14,000 without having his name disclosed. The Law Reform Commission did not think this would be a problem and I quote, "In the context

of Manitoba, we do not think that the problem of large donors is sufficiently acute to warrant the limitation.'' That would only come about, Mr. Speaker, if an individual made individual contributions to 57 different candidates plus the party.

The Law Reform Commission rejected the detailed administrative requirements for the documentation in relation of all contributions that Ontario requires. They stated that this was in their view, Mr. Speaker, a paper burden which we do not wish to see imposed in Manitoba. The Law Reform Commission went on to point out that no attempt is made to control multiple gifts at the federal level with the result that is possible to give in excess of 25,000 in an election year to a political party and its candidate without disclosure.

Using a different formula, the Law Reform Commission felt that the non-disclosure of 12,000 was not excessive so as to warrant the imposition of the administrative machinery necessary to catch multiple gifts. Most people who contribute large amounts of money to a political party want to make their gift known. I would point out that any system of control devised could be circumvented by devious means. I think that the great majority of individuals who want to have their name disclosed from the point of view of tax credits and also to receive recognition from the party for their financial assistance.

The Act allows unincorporated associations and trust funds to make contributions to political parties and candidates. In the case of such a donation, the contributors are required to disclose the sources of such money, be they individuals, trade unions or corporations. A chief financial officer is required to give a receipt for every contribution over 10.00. Donations in kind are to be valued and the amount is to be reported but, as I mentioned earlier, there is no tax credit for a donation in kind. A chief financial officer has to make a report to the commission with respect to any money which is received contrary to the provisions of the Act.

With respect to penalties, Mr. Speaker, the penalties contained in this bill will be more important than they were in The Election Act because of the establishment of an election commission and its power to initiate prosecutions. The penalties in this bill are stricter and the fines are higher than those contained in the present Act. Mr. Speaker, this bill is directed towards the objectives of election finance legislation that I mentioned earlier.

The implementation of a tax incentive by way of tax credits will provide the political parties and candidates with alternative sources of funding, thus lessening their dependence on traditional sources of funding. The limitation on media advertising expense will prevent those candidates who have access to substantially more financial resources from taking an unfair advantage over their less well-off opponents. The disclosure provisions contained in the Act are more substantial than those in the present Election Act and the prohibitions on out-of-province funding result in a greater disclosure sources of political funding in Manitoba.

Lastly and probably most importantly, the provisions in the Act are reasonable and enforceable and will be enforced through the Election Commission. Mr. Speaker, I mentioned earlier the position taken by the Ontario Commission on election contributions and financing where they stated that the greatest defect common to political finance legislation is the inability of an independent body to prosecute offences in its own name. We've dealt with this defect in the bill with the establishment of the Election Commission which has the power to initiate prosecutions in its own name.

Mr. Speaker, I commend this bill to members. I appreciate that this bill and the previous bill are matters of high importance and priority to members of the Assembly and I want to assure all members of the Assembly that we look forward to hearing their comments and are prepared to deal reasonably with any suggestions that are made for amendments to this and the previous bill.

Thank you, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Elmwood.

MR. DOERN: One question, Mr. Speaker. I gather that those political parties which are not designated as recognized political parties will have to go through a procedure which will include obtaining some 2,500 signatures and other requirements. I assume that this requirement then would have to met by the Liberal Party of Manitoba and the Social Credit Party.

MR. SPEAKER: Order, order please. Questions of that nature are purely debating points and are not meant as clarification of the statements made by the Honourable Minister.

The Honourable Attorney-General.

MR. MERCIER: Mr. Speaker, perhaps I can clarify that because I thought I pointed out there is recognition in this bill for the Liberal Party, who have a member in the House, and there was a specific reference to that.

MR. SPEAKER: The Honourable Member for Kildonan.

MR. FOX: Mr. Speaker, I move, seconded by the Honourable Member for Elmwood, that debate be adjourned.

MR. SPEAKER: The Honourable Member for Inkster.

MR. GREEN: Mr. Speaker, on a matter of information to the House. I was incorrect and I want to indicate it. I was assuming that the defamation section was also new. Apparently the defamation section was passed in 1968. I want to make it clear, Mr. Speaker, that I was wrong in referring to that particular section, not as to what I said about it, but in terms of the Attorney-General having introduced it. I thought that when I asked him the question he referred to that section. But I want to make it clear, Mr. Speaker, that the remarks that I made are still the same, just that I don't attribute it to the Attorney-General, but to all of us who passed the section in '68.

MOTION presented and carried.

BILL NO. 97 — AN ACT TO AMEND THE CITY OF WINNIPEG ACT

MR. MERCIER presented Bill No. 97, An Act to amend The City of Winnipeg Act, for second reading.

MOTION presented.

MR. SPEAKER: The Honourable Attorney-General.

MR. MERCIER: Mr. Speaker, during the past year, as is usual, the city council have requested a number of amendments to The City of Winnipeg Act. The request pertaining to assessment matters have been referred to the Manitoba Assessment Review Commission for their consideration. The suggestions regarding disclosure and conflict of interest have been referred to the Law Reform Commission. Most of the remaining requests, however, have been included in this bill.

This bill also contains a number of amendments which were not specifically requested by city council. The bill will prohibit members of council from voting in any committee as well as in council in matters in which they have a personal pecuniary interest and to delete the requirement that a person convicted of violating Section 88 be disqualified from voting and holding municipal office for three years. The same changes are being made to The Municipal Act as previously announced. That's on the principle, Mr. Speaker, I think discussed by the Member for Inkster earlier that the electorate will decide whether or not they should again hold office.

There are amendments to prohibit a person from being nominated for and elected as both mayor and councillor. This amendment, which rescinds the provision for election to both offices introduced in 1977 by the previous government, is the only change that will affect the format of the civic elections this fall. No other major change in the structure of council is being proposed and the ward boundaries will remain as they are until after the 1981 census.

Because the Act, Mr. Speaker, deals with a number of detailed and specific proposals, I will provide members opposite with a copy of speaking notes which go into detail on the individual sections and which I hope will be more explanatory.

Mr. Speaker, there has been active consideration also given to certain other amendments to Part 20 of The City of Winnipeg Act which deals with planning matters. I had hoped to have the bill ready for this session. However, it's a difficult area to deal with and it's extremely doubtful that legislation will be before the House at this session unless the session goes on for some long period of time. Mr. Speaker, I'll provide members opposite with a copy of the notes with respect to the specific detailed sections that I haven't referred to.

Thank you.

MR. SPEAKER: The Honourable Member for Kildonan.

MR. FOX: Mr. Speaker, I move, seconded by the Honourable Member for Burrows, that debate be adjourned.

MOTION presented and carried.

BILL NO. 98 — THE STATUTE LAW AMENDMENT (TAXATION) ACT, (1980)

MR. CRAIK presented Bill No. 98, The Statute Law Amendment (Taxation) Act, (1980), for second reading.

MOTION presented.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CRAIK: Mr. Speaker, this bill is concerned with a number of amendments that emanate from the budget announcements. As has been done in previous years, you will note that the bill is divided into a number of parts. There are nine in number. The first eight deal with amendments to specific statutes and the ninth providing the dates as to when the amendments will be effective. The amendments to The Corporation Capital Tax Act are necessary to provide for the increased exemption from 500,000 to 750,000. This measure will reduce annual revenues by an estimated 500,000 and remove up to 400 small corporations from taxable status under the Act.

Also, as we announded in the Budget Address, the continued erosion of the relationship of tax on fuels to the price of those fuels has prompted the government to provide for the establishment of ad valorem rates of tax on gasoline, diesel fuel, propane, butane and other heating fuels and this bill provides the necessary amendments to accomplish this intent.

In 1964, the unit tax of 17 cents per gallon approximated at that time 45 percent of the retail price of gasoline. Today, the current rate of 4 cents per litre of gasoline approximates 20 percent of the retail price of the gasoline. This move now will hold that relationship at 20 percent. Provision therefore has been made for the retail price to be determined when it becomes necessary to do so because of an increase in retail prices. Retail prices will be based on samplings from 20 self-serve retail filling stations in Winnipeg. This sampling method will ensure that the lowest price generally paid by consumers for gasoline in Manitoba will be used to determine the "average price" on which the 20 percent relationship will apply.

The petroleum industry will then convert that determination to a cents-per-litre tax and collect tax on that basis until a future determination of the price becomes necessary. It's also anticipated that a determination of the price will become necessary until a future date when sufficiently large increases in the price of gasoline suggests that such a determination of the average price of gasoline should be made. I should mention, Mr. Speaker, that average price, which will debased on a regular gasoline at the sampling of 20 self-service stations will then in Winnipeg, which will normally be the lowest price in the province, will then apply equally across the province, the cents-per-litre amount. The 20 percent only be used to establish the price from that average of 20 which would normally be the lowest 20 in the province.

A further provision has been made that the price of aircraft gasoline for the purpose of calculating the tax will be 120 percent of the average retail price of

gasoline determined on the basis just explained. The reason, Mr. Speaker, for this, is that there is a fairly wide fluctuation in the prices of aviation gasoline and it's not quite as straightforward in determining what an average would be, so therefore it is set at 120 percent of the regular automobile gasoline as determined under the method I used to indicate it. This relationship is consistent with the normal price paid for aircraft gasoline to the normal price paid for gasoline of self-service retail filling stations in Winnipeg. Aircraft gasoline will be taxed, as you will note, at 10 percent of the determined price as opposed to the 20 that is on the highway-related fuel.

Similarly, the price of other fuels for purposes of determining tax will be a fixed percentage of the average retail price of gasoline. This methodology continues the relationship of the normal consumer's price of certain fuels to the normal consumer's price for gasoline paid by self-service retail filling stations in Winnipeg. It may be that some fuels could be purchased at lower prices in some retail outlet other than those described. Those lower prices would reflect only a discount on price, but not on the value of the fuels for purposes of determining fuel taxes.

If, for instance, the prices could fluctuate a bit up and down in between periods, either because, say, one company did a price increase, others didn't, there could be a price war take place, on the other hand, go a little bit in the other direction, back up again; those fluctuations would not be normally be taken into account. The calculation would be every time there is a significant major price increase rather than one of the partial industry movement, up or down, which may not always be temporary, mind you, but would not be significant in the overall picture.

Provisions have also been made to exempt gasohol from tax. Gasohol, for the purpose of this exemption from gasoline tax, will be a mixture of denatured alcohol manufactured in Canada, containing not less than 10 percent denatured alcohol. Denatured alcohol used to make gasohol is defined as alcohol derived from biomass material such as grain or vegetable matter. We expect that this amendment will assist the agriculture industry of the province. The Bill also provides related administrative procedures for the control over the manufacturing and distribution of gasohol to ensure that the exemption from tax is properly granted only in those instances where the above conditions have been met and other administrative amendments have been made in the Act to ensure that they apply to gasohol as well as to gasoline.

In addition, penalties for persons who commit offenses under The Gasoline Tax Act have been increased to be consistent with penalties already provided in The Motor Fuel Tax Act. This increase in penalties recognizes that a sufficient deterrent is necessary to discourage persons from misusing the very efficient method providing for exemption from fuel taxes by colouring the non-taxable fuels.

Provision has also been made under The Motor Fuel Tax Act that only those truckers who have the proper valid and subsisting authority for the operation of vehicles on our highways can become a licenced purchaser for purposes of reporting and paying the taxes under this Act. Related administrative procedures to accommodate this policy are also provided. This policy more closely aligns the tax and the vehicle operating authorities to realistically realize their interdependent relationships between the Department of Highways, since the Department of Highways is responsible for collecting single trip permit fees from the interprovincial truckers entering Manitoba who do not have the proper licencing authority and the proper tax authority. Every vehicle bearing a Manitoba licence plate has a valid and subsisting authority for operating on our highways.

These amendments also recognize the forthcoming Canadian "pro-rate" system, that the Honourable Minister of Highways helped develop for the benefit of our transportation industry and all Manitobans.

As I mentioned in the Budget Address, exemption from tax relating to the heating of farm buildings, regardless of whether or not the farmer lives beside those farm buildings, is desirable and has been provided in the amendments to The Motor Fuel Tax Act and to The Revenue Act, 1964. Mr. Speaker, in that, all farm buildings, regardless of whether it's a residence or not, will be exempt from the tax for heating purposes.

Provision has been made to legalize the long and continuing practice of Manitoba government Crown corporations paying taxes on fuel used by those corporations. Similar provisions have also been made relative to The Metallic Minerals Royalty Act and The Revenue Act, 1964. The Retail Sales Tax Act has contained a similar provision since its enactment in 1967.

Amendments included in this bill to The Metallic Minerals Royalty Act recognize that the joint venture vehicle of undertaking a mining venture is replacing the corporate and partnership vehicles previously used. These amendments essentially provide that every member of the joint venture will be "an operator of the mine", and will be required to file a separate report for their part of the operation of the mine. Each member of the joint venture will receive the same benefits that would be received had they incorporated a separate corporation for their part of the joint venture operation. Certain amendments of the Act are required to ensure that any corporation already operating a mine in Manitoba will not be disadvantaged from opening up another mine in Manitoba with other members of the joint venture.

Further, restrictive provisions have been provided to ensure that the passing of expenses or revenues between members of the joint venture will not articially reduce royalties that would properly be payable.

The Bill provides an amendment to recognize that the processing allowance should be calculated on the actual cost of any new processing asset, less all amounts deducted by that operator for a new investment credit directly related to that new processing asset. Of course, the other components of the formula for arriving at a processing allowance will remain unchanged.

Amendments have been provided in The Mineral Taxation Act, as I announced in the Budget, to equate the returns to producers from oil wells situated on freehold land to returns to producers from oil wells situated on Crown land after considering effects of tax under this Act and the

royalty provided for in The Mines Act. We had a bill earlier in the session, Mr. Speaker, which dealt with the same matter. This completes what was indicated at that time.

A number of other things, retail sales tax provided for new exemptions for such things as patterns, sewing clothes at home, self-contained household smoke alarms, abulances and related equipment, equipment utilized by trappers, children's safety seats, energy conservation device, household medical, and so on.

Extension of exemptions relative to farm water systems, farm field drainage, ventilation fans, and so on, are included, the retail sales tax section that provides for the change in the refund qualifying period from 30 days to six months relative to the purchase and sale of an aircraft and so on. These sales tax reductions total a decrease in revenue to the province of about 3 million yearly.

Cigarettes are dealt with, Mr. Speaker. I think they are self-evident. There is an increase there of approximately 5 million per year of revenue to the province. A number of regulatory enforcement amendments have been made relative to this tax on the cigarettes and so on. There is a fair amount to do with the cigarettes and penalties and so on with regard to tobacco.

Mr. Speaker, I think I've covered all of the specific topics that are contained in the Bill and recommend them to the House for consideration.

MR. SPEAKER: The Honourable Member fcor Kildonan.

MR. FOX: Mr. Speaker, I move, seconded by the Honourable Member for Lac du Bonnet, that debate be adjourned.

MOTION presented and carried.

MR. SPEAKER: The hour being 12:30, the House is accordingly adjourned and stands adjourned until 2:00 o'clock this afternoon. (Monday)