

THE LEGISLATIVE ASSEMBLY OF MANITOBA

2:30 o'clock, Thursday, March 31, 1966

Opening Prayer by Madam Speaker.

MADAM SPEAKER: Presenting Petitions

Reading and Receiving Petitions

Presenting Reports by Standing and Special Committees

HON. R. G. SMELLIE, Q.C. (Minister of Municipal Affairs) (Birtle-Russell): Madam Speaker, I beg to present the first report of the Standing Committee on Municipal Affairs.

MR. CLERK: Your Standing Committee on Municipal Affairs beg leave to present the following as their first report: Your Committee met for organization and appointed Hon. Mr. SMELLIE as Chairman. Your Committee recommends that for the remainder of this Session, the Quorum of this Committee shall remain at Seven (7) members. Your Committee has considered Bills: (No. 2) - An Act to amend The Municipal Board Act. (No. 3) - An Act to amend The Municipal Boundaries Act. (No. 4) - An Act to amend The Winter Employment Act. (No. 14) - An Act to amend The Public Housing and Urban Renewal Act. (No. 17) - An Act to amend The St. James Charter. (No. 28) - An Act to establish the Wards in The Rural Municipality of North Kildonan and to Decrease the Number of Members of the Council of the Municipality. (No. 32) - An Act respecting The Town of Winkler. (No. 57) - An Act to amend The Department of Municipal Affairs Act. (No. 59) - An Act to amend The West Kildonan Charter. And has agreed to report the same without amendment. Your Committee also recommends that Bill (No. 36) - An Act to validate By-law No. 1081 of The Town of Tuxedo, be withdrawn from the Standing Committee on Municipal Affairs and that the Bill be referred to the Standing Committee on Law Amendments. All of which is respectfully submitted.

MR. SMELLIE: Madam Speaker, I move, seconded by the Honourable Minister of Education, that the report of the Committee be received.

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

MR. SMELLIE: Madam Speaker, I move, seconded by the Honourable the Attorney-General, that Bill No. 36, an Act to validate By-law No. 1081 of The Town of Tuxedo, be withdrawn from the Standing Committee on Municipal Affairs and that the Bill be referred to the Standing Committee on Law Amendments.

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

Notices of Motion

Introduction of Bills

MADAM SPEAKER: The Honourable the Attorney-General.

HON. S. E. McLEAN, Q.C. (Attorney-General) (Dauphin) introduced Bill No. 110, an Act to amend Certain Provisions of the Statute Law and to correct certain Typographical Errors in The Statutes.

MR. SMELLIE introduced Bill No. 109, an Act to amend The Metropolitan Winnipeg Act.

HON. GEORGE JOHNSON (Minister of Education) (Gimli) introduced Bill No. 103, an Act to amend An Act to Incorporate "Brandon College Incorporated".

MADAM SPEAKER: The Honourable the Member from Churchill.

MR. GORDON W. BEARD (Churchill) introduced Bill No. 94, an Act respecting The Incorporation of The Town of Thompson.

MADAM SPEAKER: May I ask if this is the Town of Thompson or the Town of The Pas?

MR. BEARD: Town of Thompson.

MADAM SPEAKER: Thank you.

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

MR. BEARD introduced Bill No. 101, an Act to validate certain By-laws of The Town of The Pas, and to enlarge the Boundaries of The Town of The Pas and The Boundaries of The Kelsey School Division No. 45.

MR. D. M. STANES (St. James) introduced Bill No. 95, an Act to amend The St. James Charter and to validate By-Law No. 10109 of The City of St. James.

MR. JAMES COWAN, Q.C. (Winnipeg Centre) introduced Bill No. 93, an Act to amend The Public Schools Act (3).

MR. OSCAR F. BJORNSON (Lac du Bonnet) introduced Bill No. 99, an Act respecting The Village of Powerview.

MR. NELSON SHOEMAKER (Gladstone) introduced Bill No. 100, an Act to authorize The Town of Neepawa to Pass a By-law respecting a Medical Service Building in the Town.

MADAM SPEAKER: Committee of the Whole House. The Honourable the Minister of Education.

MR. JOHNSON: Madam Speaker, I beg to move, seconded by the Attorney-General, that Madam Speaker do now leave the Chair and the House resolve itself into a Committee of the Whole to consider the resolutions standing in my name, that of the Minister of Industry and Commerce, the Provincial Secretary and the First Minister.

MADAM SPEAKER presented the motion and after a voice vote declared the motion carried and the House resolved itself into a Committee of the Whole with the Honourable Member for Winnipeg Centre in the Chair.

COMMITTEE OF THE WHOLE HOUSE

MR. JOHNSON: His Honour the Lieutenant-Governor having been informed of the subject matter of the proposed resolutions recommends them to the House.

MR. CHAIRMAN: The first resolution before the Committee is: Resolved that it is expedient to bring in a measure to amend The Teachers' Pensions Act by providing among other matters for the integration of The Teachers Retirement Allowances Fund with The Canada Pension Plan and to permit certain employees of The Department of Education who were previously teachers, and certain members of The Faculty of Education of The University of Manitoba and of Brandon College Incorporated who were previously teachers to continue to contribute and be eligible for pensions under The Teachers' Pensions Act and to provide that persons employed as substitute teachers in The Public School System may contribute under the Fund and be eligible for pension in respect of the time employed as a substitute teacher. The Honourable the Minister of Education.

MR. JOHNSON: Mr. Chairman, this Bill which will be coming before us calls for the expenditure of sums of money and therefore requires a resolution of this nature as we know. Basically several sections of the Bill that will come before you are to provide for the integration of The Teachers Pension Plan with The Canada Pension Plan on terms agreed upon between The Teachers' Society, The School Trustees Association and the Minister, or the government. These terms are substantially those which will be applied to The Civil Service Superannuation Fund. Also in that connection the provision is made for the elimination of the \$60.00 per teacher per annum contribution which has been required from the School Board and from the Government in respect of Crown-employed teachers. The contribution will be continued from school boards in the very few cases of teachers who are not eligible for The Canada Pension Plan benefits, which are namely, members of religious orders who have taken oaths of poverty. Since they are not eligible for Canada Pension Plan benefits they will continue under the present provisions of The Teachers' Pension Plan and school boards being relieved of the necessity of contributing to The Canada Pension Plan on their behalf will continue to contribute the \$60.00 per teacher per year in that circumstance.

The Bill has another feature which amends the Act to allow teachers who have come or will come into the service of the department or the faculties of education at the University and Brandon College to elect to be members of the Teachers' Pension Fund rather than the Civil Service Superannuation Fund of the University of Brandon College Pension Plan. And it will apply to those who have already been members of the Teachers' Pension Plan before they entered on other employments mentioned above. In every case a selection of fund will have to be made of all contributions and the credits for service will be accumulated in the one fund. These amendments have been requested by the University of Manitoba, Brandon College, Teachers Society and the School Inspectors Association of the province.

Now that the TRF Fund really and the Civil Service Superannuation Fund are pretty well wholly in concert today, it did seem -- for example, in the case of inspectors and senior people employed by the university from the public school system - it seemed rather unfair that the years of service they accumulated in order really to obtain the kind of employment and the senior positions which they have has not counted - been separated off and they've had to start anew under the Civil Service Superannuation Fund. This means their years they can remain with the TRAF Fund and their years of service will be recognized under the one fund to their betterment.

There's also provision in the Bill for the establishment of a pension credit for time the teacher spent as a substitute teacher provided the teacher repays with interest all contributions

(MR. JOHNSON cont'd)... which would have been made had he been in regular employment and all refunds which have been withdrawn from the fund.

During the depression years there were a number of teachers employed by school boards on long-term substitute basis who really accumulated several years of service for which no credit was given and provisions are in this bill. Also there are two other amendments that come to mind - one, legalizing a pension which a woman had earned, people had earned, but had not been, through some legal technicality had - she'd had her years of service, made her contributions and so on, didn't apply in time and didn't get the pension and is a technicality we wish to correct. And the last thing is the matter of teachers who have reached the age of 65 and continue teaching will not have to make contributions to the fund after retirement, which is presently the case.

MR. CHAIRMAN: The Honourable Member for St. John's.

MR. SAUL CHERNIACK, Q. C. (St. John's): Mr. Chairman, during the Minister's estimates I raised the question which I think he now dealt with in the very last sentence of what he had to say. I spoke of the teacher who was in receipt of a pension having reached the age of 65 and continued on the permanent staff of a school board and from whom there was a deduction being made of 6 percent of his salary, and I questioned whether or not this was proper and I understood the Minister said that was being taken care of. I understand now is being taken care of by eliminating from the teacher the expropriation from him of that 6% and he does not therefore attain any increased pension because of the years of service he's putting in after age 65. Now I would have thought that just as that teacher could qualify for pension under this resolution if he worked for the Department of Education or for the University that he could continue to make the contribution and get an increased pension. Now I understand it that his pension is frozen as of his - what is it? - 70 percent of his average salary for the last 10 years providing he's worked 35 years, I believe -- I think it is 2 percent per year for 35 years -- and he will therefore be frozen at that pension and will not qualify for any additional pension. Now am I correct so far?

MR. JOHNSON: Mr. Chairman, after the age of 65 where he is now required to continue contributing to the fund he will not be required to contribute a further 6% to the fund. He will take his pension at 65; he'll be working on a salary. He won't be required to make any further contributions to the fund. There's another provision that says a chap who hasn't got his years in for a minimum pension at 65, can accumulate years up to age 70. You know they can go to 70 if he hasn't got enough years in under that to have gained a pension, but he doesn't have to make contributions after the age of 65.

MR. CHERNIACK: Well, that means then if he has not put in his 35 years he can continue to contribute after age 65 until he does measure up to his 35 years or until his retirement and get full credit at 2 percent per year.

But I am still -- well I am clear therefore that he no longer qualifies to participate in increased pensions for the future and of course if he's put in 35 years then there's no benefit to him in doing that. I can understand that except for the fact that his salary if he works till 70, his average for the last 10 years including 70 would probably be higher than the pension which he is receiving than the 70 percent. So he does lose to that extent. And loses to the extent that the Board's contribution and the Government's contribution is not going to his benefit.

Now what about the money which you have already taken from him and poured into the pension fund for which he has not received benefit in the past, say in the last couple of years? A teacher who is today 68, let us say, has been contributing 6 percent of his salary for the last couple of years - and that's quite a bit of money, 'cause if his salary is, let us say \$7,000, he's contributed \$420 a year for that period of time - and are you keeping that? Are you not giving it back to him in any form? Should he not at least get a credit for it - add it on to his pension so that he will not have lost that?

MR. J. M. FROESE (Rhineland): Mr. Chairman, I note that we are making provision for ex-teachers, or teachers who have been teaching in public schools and have now joined University or Brandon College, that they're able to come under the pension plan. Why are we not making provision for the affiliated colleges also to come under this. I'm sure there must be teachers in that group that would also be willing to enter.

MR. JOHNSON: Well, at the present time the University and Brandon College have their pension plans. We only have - at this stage as you know grants to the affiliated colleges, our affiliates are limited to the grants under the School Grant Lands Fund. Other than that we, as affiliates, the government in no way has been - other than through very modest grants -

(MR. JOHNSON cont'd)... contributing to the operation of these institutions.

With respect to the Member from St. John's, there's no retroactivity that I note here with respect to those who have reached 65 and are on full pension or on pension, who have in the last two years say - 68 years of age as I gather - who have contributed 6% for three years - getting retribution of that amount. That is not contemplated in this bill, that type of retroactive feature that I can see.

MR. CHERNIACK: Mr. Chairman, I think that's a terrible situation. Here is a man who has been earning a certain salary for the last few years and has had deducted from his salary 6 percent of that salary - which is hundreds of dollars; we're not talking about small amounts. This has been through no choice or fault of his own and yet he's not getting credit for it nor is it being repaid to him and it's a complete loss to him. In other words, a teacher 66 years of age with the same qualifications and the same standard of pay as a teacher 64 years of age has been penalized to the extent of 6 percent of his salary and this government which has not hesitated to bring in retroactive features in other cases is not doing it in this case.

Now it may not be a lot of money in total but I'm certain that it's a lot of money to the person affected and I think that it's grossly unfair that once the government has seen that there is a situation which need be remedied then that remedy should be made retroactive so that that person who had had the money taken away from him should get it back. And I think that the easiest way to give it back to him is by adding it on to his pension so that he gets the benefit of what has been paid in on his behalf for him - or by him rather into the fund.

Now the Minister does make that very kind of provision for people who are going to work for his own department or for the university. Why discriminate in that way? Why should an employee who is on pension and goes to work for the university or for the department be able to continue contribute and become eligible, whereas this teacher who is working for the same employer as he had before is not only not allowed to contribute -- and I don't think that's terrible because he is getting 70% of his average salary for the last ten years -- but he is losing the money which has been taken away from him - and I'm using that strong language because that's what it was.

Now the Minister looks confused so let me just restate this one statement. Last year teacher "A" who had attained the age of 65 years, and indeed 66 years, was receiving a salary from which there was a deduction made of 6%, which I would say would be \$300-\$400, taken from his salary last year and poured into the pension fund and he apparently does not get any benefit for the monies that were taken away from him, nor is there going to be a refund for him. Now if the government recognizes the injustice by adding the provision now, that this teacher in the future will not be required to contribute the 6 percent, then certainly this government should in all recognition of the wrong that was done to him as is now clear, should remedy the error or the wrong retroactively and give him back his money because it was taken from him without any intention of rebating it to him.

Rather than rise again, I would also compute that now the School Boards are required to put up 1.8 percent of a salary as their contribution to the pension instead of \$60 as in the past. And again if you take a \$7,000 a year teacher, the School Board will be required to put up about \$126, instead of \$60, if my arithmetic is right. Would the Minister indicate whether or not the province is compensating the board for this loss?

MR. MCLEAN: Mr. Chairman, perhaps it is a bit unusual for me to speak in committee on this matter but I did have something to do with the changes in the Teachers' Retirement Allowances Act, while I had the responsibility for the portfolio of Education and I would like to say something about it.

As he quite often does, the Honourable Member for St. John's has managed to imply by his choice of words bad faith and improper action, when of course, such is not the case. The negotiations which led to the new, as we then called it, Teachers' Retirement Allowances Act were conducted over a period of time in the closest possible consultation with the Manitoba Teachers' Society, the officers and directors and the pensions committee and I remember quite distinctly the arrangements and the discussions which took place. The question arose, for example, the Teachers' Society by and large was opposed to the idea of encouraging teachers to continue teaching beyond age 65 so that they wished to have the plan based on the assumption - and perhaps I might say in the hope that, persons reaching 65 years of age would retire and would not feel under any obligation or there would be perhaps, if I might use the expression, "no incentive" for them to continue beyond age 65; a very laudible objective. It was a fact however, that a teacher could not reach his or her maximum pension unless they had taught

(MR. McLEAN cont'd)... 35 years in order to be able to qualify for the maximum 70 percent pension. And so, I suggested to the Teachers' Society that they might well reconsider that and that we could agree that a teacher who had not reached 35 years by age 65, might continue and acquire additional percentage credits toward the maximum 70 percent, and we agreed on that basis and it was agreed that we would put an upper limit of age 70 on that. I mention that to indicate that we and I, and the government, was anxious to ensure that as many teachers as possible were able to qualify for the full 70 percent pension. Now then, The Teachers' Society, and I underline this for the benefit of the Honourable the Member for St. John's, requested that in those cases where teachers were entitled to their pension at age 65, to their full pension, but wished to continue teaching, as some of them undoubtedly might wish to do, that they would be entitled to receive their pension at age 65, even though they continued to teach. So that teacher X having reached 65 years of age, entitled to a pension based on 70 percent of the average for the 10 years, would receive his pension, and if he wished he could continue to teach, and of course, receive his salary in addition to it. And they asked also, that in such circumstances that the teacher who, by his own choice, continued to teach under those circumstances, would continue to make his contribution of 6 percent, even though that would not in any way accrue to his benefit with respect to his own pension. And I remember very well the words I asked, and I said it several times, I said "You mean that", and they replied "Yes, we mean it." And that's the basis on which that arrangement was done.

I note now of course, that the request has come and the Minister has agreed to discontinue that practice, and I have no quarrel with that, that's fair enough. But for any member, Mr. Chairman, to suggest that something unfair was done, or that something improper was done, is quite incorrect and indeed that the arrangements were made as a result of the request of those who negotiated with us for the new pension arrangements at that time.

MR. CHERNIACK: Mr. Chairman, I'm sorry to see that the Honourable the Attorney-General is so sensitive about the use of words that I send out in his direction or - yes, in his direction. I am sensitive enough to challenge his statement that I did, as I often do, impute ill faith, bad faith and improper action. When I mean bad faith, Mr. Chairman, I say "bad faith", and when I have occasion to do it as I sometimes do in the case of this government, I am ready to be challenged and I am quite prepared to enlarge on it.

In this case I did not use the words "bad faith or improper action". I said it was wrong. It was an error, and that in itself does not mean bad faith in spite of what the Honourable the Attorney-General might want to interpret it to be. But he is sensitive about this, this is obvious; and out of my friendship for him, I don't want to upset him any more than he has already been upset. So I will deal now with what the teachers asked for, and he says that he said to them, "You mean that," and they said, "We mean it", and now the government has, in it's wisdom - and I don't impute bad faith in it's wisdom - decided that this was a wrong action, because the fact is they're changing the action and they are now doing something which appears on the surface to be a correct action, and that is, not to deduct wages from a person for which he will derive no benefit. So that I am not bound by what the teachers told him; nor do I think was he bound by what the teachers told him at the time that they negotiated with him. But he accepted their recommendation. He had that right to do it, and I presume he did it in good faith. But certainly today, we are faced with the fact that the government wishes no longer to continue to deduct this money which will be of no benefit to the teacher. And having done that, I say the government having recognized an "error", and having recognized that it was a wrong thing to do, is correcting it, and I say it should do it retroactively. To give back to the person from whom the money was deducted the money which he rightfully earned. So if the Honourable Minister thinks that this is a suggestion of bad faith, I need only suggest to him that he listen more carefully and have a better knowledge of the vocabulary and the meaning which I have used. I promise him, however, that there will be occasions, I have no doubt, when I will have the right, and will, accuse this government of bad faith and will not hesitate to do so.

Now I did not hear any explanation for the future. I have dealt with the past and I say that there was a wrong thing done, it's being corrected for the future; it ought to be corrected retroactively and give back these people the money which they have had taken from them. And they did, individually, not agree to that being done, I am sure.

Now I'm saying that having considered the correction of this policy, it now makes it possible for employees of the Department of Education and of the University to continue to participate in future pension rights, and I am asking why that is the case, and not the case to teachers that have stayed on. And let me now point out to the Honourable the Attorney-General, the former

(MR. CHERNIACK cont'd)... Minister of Education, that it is up to the Board to decide whether to continue a teacher on as I recall it, after age 65. I am under the impression that the retirement age is 65, but that the Board has a right to continue to employ a person after 65; and I am under the impression, which no doubt he can correct if I am wrong, that the teacher after receiving pension can no longer demand the right to continue to work if the Board doesn't want him. I think that in any event with the shortage of teachers that we have, a shortage which has not yet been coped with or met, that it is desirable to keep good teachers on salary beyond the age of 65, and I think that it is not desirable to take away incentives from good teachers to continue. Even though the Honourable Minister suggested that the teachers thought that it was. I think the important thing was to establish the pension, and that they did. And they agreed on 70 percent for the previous 35 years, on the average of the last 10 years; that was fine. But I was making two points which have not yet been clarified. Firstly, what about the man from whom wages were deducted in the last few years. What about the distinction made between people who are on pension and work for the Department, and University, and those who are on pension and continue to work for their former employer?

MR. JOHNSON: Mr. Chairman, with respect to the wording of the resolution here, in practice, as I understand it, we have been working closer, more and more towards bringing the Teachers' Retirement Allowances Fund into concert with the Civil Service Superannuation Fund. The point here is that when a teacher, or a person in the Civil Service at 65 retires, no further contributions are made to the fund. Therefore a person in the Department of Education when he reaches the age of 65 years and retires, and continues to work, say in the department, wouldn't make contributions. And the same matter is now the case with the teachers who have retired.

I understand there's an amendment (I haven't the detail in front of me) dealing with the teacher as we said who has not quite reached the minimum number of years for a pension under the fund, would be permitted to continue to the age of 70. I think these two - the Teachers' Pension Fund in this respect is brought into concert with the Civil Service Superannuation Fund, and I think the rules intended will be similar.

With respect to the Canada Pension Plan the figures, and I could double-check this, I believe the \$60.00 per year -- my Estimates showed around \$580,000 was paid by the government in lieu of the \$60.00 deduction this year, and I believe the amounts that the Boards will have to pay is pretty well similar, between \$560 and \$600,000, somewhere in there. It's roughly the same amount that they will have to contribute in total, directly to the C.P.P. as - this is just going from memory, but I'm pretty sure this was considered about an equal amount that Boards would be contributing. Now I'd like to double-check that, but this is the impression I had I remember when working through this in preparing the Estimates.

I think the Honourable Member from St. John's realizes as well as I do these tremendous improvements initiated three or four years ago in recognizing teacher pensions. I think every year since then there have been improvements in trying to remove inequities and to improve the plan as much as possible; but I must say there was no provision, as I understand it, in the Bill that will be before us, to pay back those contributions that have been made by individuals who might have taught past the age of 65 for the past few years, other than those -- at this time.

I really can't say anything more. I would hope that when the Bill is before us, we can have a further opportunity to look at some of these points, but this resolution, I think, doesn't give any particular advantage. The rules with respect to anyone working in the Department or at the University will be as contemplated and much the same as the Civil Service Fund.

MR. CHAIRMAN: The debate is supposed to be a short debate and couldn't we leave further discussion of the details of the Bill when the Bill is before the House?

MR. CHERNIACK: Well we're not yet dealing with the details are we, Mr. Chairman; we're dealing with the principles are we not?

MR. CHAIRMAN: Well I think we've had quite a lot of discussion...

MR. CHERNIACK: You feel satisfied with the discussion, Mr. Chairman?

MR. CHAIRMAN: Yes, I think all the points have been brought out and you can discuss the points further when you have the Bill before you.

MR. CHERNIACK: Well in view of the fact that you, Mr. Chairman, have decided that it has had enough discussion, I'll leave it for the later stage...

MR. CHAIRMAN: Resolution passed. The next resolution before the Committee, Resolved that it is expedient to bring in a measure respecting the continuation of the Manitoba Development

(MR. CHAIRMAN cont'd)... Fund, and providing among other matters for the making, from and out of the Consolidated Fund, of advances to the Manitoba Development Fund for the guaranteeing by the government of the repayment of principle and interest payable under securities issued by the Manitoba Development Fund to secure borrowings by the Manitoba Development Fund. The Honourable Minister of Industry and Commerce.

HON. GURNEY EVANS (Minister of Industry & Commerce) (Fort Rouge): Mr. Chairman, the main points to be discussed at this stage are the financial implications, and this will be a general re-issue of the Business Development Fund Act. The title will be changed to The Manitoba Development Fund Act. That's purely incidental. But arrangements are being made to bring the financial arrangements into line with those that prevail with the other Crown corporations, such as the Manitoba Telephone System and the Manitoba Hydro. Financial arrangements to do with advances from the Consolidated Fund to the Manitoba Development Fund and the ways in which their securities can be issued. That's the main point being discussed now, but for the general information of members I'd be glad to tell them that the main changes in the Act this year will be to broaden the classes of business with which the Manitoba Development Fund may deal to enable the Fund to act as the agent of the government under instruction of an Order-in-Council in certain transactions and also to enable The Manitoba Development Fund to engage in the initiation of certain businesses for development and sale at a later stage. Those are the main provisions. I think we can have a full discussion and debate when the provisions of the Act are in front of us. I'll try to answer any questions now the members may have.

MR. GILDAS MOLGAT (Leader of the Opposition) (Ste. Rose): Mr. Chairman, a few questions arise from the Minister's statement. At the moment has The Manitoba Development Fund borrowed any money directly with government guarantee or are all of the fund directly lent by the government itself? There are a number of questions so I presume the Minister may want to make a note.

My impression is that at this time the Fund does not borrow directly in that it is the government that advances the money to buy. If that is so and we are now going to establish the Fund on the basis that they can borrow directly, I presume that the intention would be that this would not show any longer in the debt of the province, although of course the province would be responsible for any debts of the fund, but it would remove this figure I presume from the debt.

One of the comments that the Minister made which intrigues me is when he said that the fund will now be able to act as an agent for the government in certain circumstances. I wonder if he could outline to the House what this specifically means. What are the circumstances and what will be the position of the fund relative to the government; because the government in the past has always told us here in the House that there's a complete "hands off" attitude insofar as the fund, and now we're being told that they will act as agents for the government. So I would like to know from the Minister exactly what this will mean.

There have also been some statements made that there would be additional money available from the fund. Is this the bill that will provide for additional money, and if so, how much?

MR. EVANS: Mr. Chairman, at the present time provision is made for The Manitoba Development Fund to secure advances from its bankers which are later then converted into a debenture and that debenture I believe is sold, if I'm right, to the Provincial Treasurer. Eventually the money is repaid by the Provincial Treasurer but there is provision for The Manitoba Development Fund to secure advances from time to time as required which are later then replaced in the Consolidated Fund. To that extent there is the power to borrow direct now but it's a very limited one and for smaller amounts.

Would the amounts advanced - I take my honourable friend to mean as a guarantee - show as a debt to the province. I would have to make sure how the Comptroller-General proposes to show that in the books. I've forgotten in the Provincial Accounts frankly whether there are other guaranteed debts shown. If there are they would be shown in exactly the same way. Otherwise I assume that the Provincial Accounts will show any debts that are guaranteed. I can't give you a categorical answer because I don't know. If my honourable friend would raise that question again later on, I'll try to give him a definite answer.

As agent in what kind of cases? It would be as agent instructed by an Order-in-Council, and these cases would not be held as the other cases are at "arm's length". We have always said that the dealings of The Manitoba Development Fund with their borrowers are at arm's length, and provision is made in the Act not to reveal the names of the borrower or the amounts or the other questions - and we've had considerable discussion in the House about those.

(MR. EVANS cont'd)... But in cases in which instruction is given by Order-in-Council - and these would be the only cases which would be considered - cases in which instruction is given by Order-in-Council to The Manitoba Development Fund to act as agent that would no longer be regarded at arm's length and the information that we've talked about would be provided. We can discuss the details of that further at another stage.

I'm afraid I didn't get complete notes about the last question from my honourable friend. Would you mind repeating the last question - it was addition of - and then I'm afraid I forget what I was writing down.-(Interjection)--Yes. That covers the points.

MR. SHOEMAKER: Mr. Chairman, when The Manitoba Development Fund was first put on the books of the province I understood that the express purpose of introducing the legislation was because it was felt that the industry of the province and the economic growth of the province was not expanding as rapidly as it should because the industry was not able to borrow the required capital, therefore it was thought that if there was a Manitoba Development Fund established that they would be able to loan capital to these interested firms.

Now it appears that the whole lending policy is going to be changed. The annual report that I have here for the year ending March 31, 1963 says on Page 3 that the MDF does not make loans to businesses that could obtain such funds from existing credit institutions on reasonable rates. And then on the very next page on Page 5, it says that the average rate of interest charged by the Fund for '62, for 1962, was 7.5 percent, which suggests there were quite a number much higher than that, and I suppose some lower, but it was an average rate of 7.5. On Page 18 of the same report they repeat nearly exactly what they said on Page 3, and it says, from Page 18, "The Manitoba Development Fund is playing an important role as a supplementary lender to industry and commerce. It is a lender of last resort." Now, is it still the intention to apply these principles in making loans? Because it strikes me that the government has made several loans to corporations who have a great deal higher budget than the Province of Manitoba. Now whether they were able to obtain finances at "reasonable" rates is another matter - I mean who does determine what a reasonable rate is?

These are a couple of questions. I understand, Mr. Chairman, that they're going to change the name; there will be no more Manitoba Development Fund as such. This change is a completely -- (Interjection) -- Pardon?

MR. EVANS: That's not right.

MR. SHOEMAKER: Okay. I thought I heard my honourable friend say that. But I wonder if he could also inform the House whether the capital, that is when The Manitoba Development Fund was set up, I understood that the Fund was made up of \$5 million divided into 50,000 shares at a \$100.00 each, according to this information. Well, have all the shares been sold, and who - are all of the shares owned by the government, or have they been sold to firms, individuals or corporations?

MR. EVANS: Mr. Chairman, the reason for putting the provision in the Act that an intending borrower can secure a loan only after other sources of capital have been consulted is to avoid the appearance at least or in fact to avoid the fact of putting the government into competition with other financial institutions. That is to say to require an intending borrower to consult other available sources of capital before a loan is made from The Manitoba Development Fund. This has had the result of a number of other institutions making loans which would not have otherwise been made, because intending borrowers go round and consult them. In some cases when they come back to the Fund, the other sources of capital have found it convenient to lower their rates or to otherwise make the loan attractive and the loan has taken place. And that's the object. The object is to see that the people are able to get capital to carry on their businesses.

As to a rate of 7 1/2 percent average indicating that some were higher than that, and obviously some lower, that may not seem a low rate of interest for certain purposes, but when it's realized that certain firms are now borrowing as high as 10, 11, 12 and up to 14 percent for going businesses, I think it can be said that an average rate of 7 1/2 percent is a reasonable rate. And if it doesn't seem reasonable to the borrower then he doesn't borrow. He's under no compulsion to do so.

The purpose in putting in the phrase, "A borrower of last resort" is to emphasize the role of government as being there to supply the need if it cannot be met from the normal financial sources, and to emphasize the belief of this government at least that as far as possible the regular financial and other what you might call free enterprise institutions should take care of the needs, if they can. But if they can't we want them to feel that there is a borrower of last resort that they can come to.

(MR. EVANS cont'd)...

The change of name is in respect to the change of the name of the Act, not of the Fund. My honourable friend will find that the Act on the books now is under the title of The Business Development Fund, I believe. It is proposed for sake of uniformity to make it the same as the name of the fund itself, The Manitoba Development Fund. And yes, all of the shares are owned by the government.

MR. DOUGLAS L. CAMPBELL (Lakeside): Mr. Chairman, I must have a few words to say to my honourable friend the Minister with regard to his proposal in connection with this Bill. I gather from what the Honourable the Minister said a little while ago that it is proposed now that in addition to assisting in the financing of businesses that have been initiated by others that now the government is going to, if it feels it to be necessary, move into areas where it will initiate the business.

I want to suggest to my honourable friend that when he presents the bill following the completion of the work of this Committee that he arranges one of my friends of the CCF - I mean the New Democratic Party - to second the bill, because this is really, in my opinion, a Socialistic move. Here we go doing exactly the thing that my honourable friends used to criticize the then Government of Saskatchewan for doing. The government getting into business. And here's my friend suggesting that the Province of Manitoba should do this same thing. I must say, Mr. Chairman, that this does not carry my judgment, and I'm sorry to see that added to the authority that this Board already has, that the honourable minister proposes that on the instructions, I believe it is, of the Lieutenant-Governor-In-Council, they will now be getting into direct government business. Well, we're moving along that Socialistic trail, aren't we; and when my honourable friends who, in spite of their actions, continue to call themselves Conservative, I really wonder what meaning you can give to words any more.

My honourable friend said years ago when he and I discussed the beginning of this phase of operation by the government, the honourable gentleman said to me that because I had been critical of the introduction of this type of legislation, believing it to be a duplication -- the Industrial Development Bank was already in the field. I've come to realize through a long association with public affairs how services grow, and how when you start something of this kind that an empire-building process immediately happens. And I know this happens. I know how these services grow. I realize that that's something that we pretty well have to put up with. But the thing I think we don't have to put up with is duplication of services, and when the Federal Government is already in a field, whether it be the farm loans or the Industrial Development Bank, I think it advisable for the Provincial Government to get them to accommodate their Act to the needs of the province so that you don't have a duplication of effort. And I said something like that at that time.

My honourable friend the present Minister who was Minister then, was kind enough to say that he thought that the failure of the former government to do something of this kind was perhaps the major reason that it went out of office. Does my honourable friend remember that? I thought that it was given priority of place if my recollection is correct. I would prophesy for my honourable friend that the proposal he's making today will have a large effect - maybe not the major effect, I think not the major effect - but a large effect on the unlamented demise of the present government, because the further they move into this type of thing, is in my opinion, a mistake.

Now I'm in this not speaking for the party, maybe that some of my colleagues share the forward-looking attitude of my honourable friend the Minister, but as far as I am concerned I have not been an enthusiastic supporter of the work of this Board up-to-date. I certainly do not welcome the advance into this other field.

I would like to ask my honourable friend is he satisfied in his own mind as the Minister responsible for this department, that this Board has not made loans to groups or companies or individuals that could have received the money at reasonable rates from other sources?

MR. EVANS: Mr. Chairman, I always pay attention to the opinions of my honourable friend; and not only do I pay attention to them but I hope on some occasion to convey his advice and his warning -- he's given us warning this may indeed be the chink in our armour through which some electoral shaft will be thrust and leave us impaled. I must convey that warning to the Honourable Mr. Robichaud from whose administration and whose success in this field we have copied the present proposal to permit the government if it feels it desirable to do so to initiate certain enterprises. I must say for that administration that they've had considerable success in this field and when we examine the powers that are taken by all the different funds

(MR. EVANS cont'd)... in Canada in the different provinces we found there were some that existed in Alberta that we do not have here, some existed in Nova Scotia - in New Brunswick rather in which -- and to a limited extent in Nova Scotia as well, and perhaps I should warn my honourable friend Mr. Stanfield down there as well that he's in mortal danger and that he merits your disapproval. But I think we have excellent precedent to follow and success to copy. We don't have to go into this field if we don't want to, but we are proposing to avail ourselves of what are the modern tools in this field in case we want to use them.

In regard to duplication I think there is duplication in a sense and that is on a fair number of occasions I'm given to understand, The Manitoba Development Fund has acted together with the Industrial Development Bank and perhaps a third partner will join in such as the regular commercial banks and that the financing requirements of an intending borrower will then be met from two or three of these sources combined, where any one of them would not have been set aside to take them along together. I understand the working arrangements between the Industrial Development Bank and the Manitoba Development Fund are close and they do in fact do work together.

My honourable friend asked me to give assurance that in no case has a loan been given or - I don't know whether he meant it to be no single case - but that where the borrower could have obtained his loan at reasonable rates elsewhere. I think he knows that I am not acquainted with the details of all the loans and I'm not in a position to answer that question...

MR. CAMPBELL: Mr. Chairman, I'm not acquainted with all the loans either but I do know of a case, in fact two cases, where certainly in my considered opinion - and I'd be prepared to back it up with figures - where the financing could have been arranged.

MR. CHAIRMAN: I think we should keep to the resolution before us.

MR. CAMPBELL: I'm staying with the resolution - I'm replying to the answer that the Honourable Minister gave to me, Mr. Chairman, and I would like to say to the Honourable the Minister that while I'm interested from the standpoint of over-all Canadian policy and what Mr. Robichaud is doing in New Brunswick and what Mr. Manning is doing in Alberta and what other people are doing, I certainly do not consider that I'm bound by their activity. Nor am I by the Federal Government. I think that our business here is to consider what we believe to be for the welfare of the Province of Manitoba.

Mr. Chairman, could you think of a better argument to prove the point of duplication than the one that my honourable friend mentions as disproving it - and that is that we have occasion where both the Industrial Development Bank and this organization joined together in promoting some industry. For goodness sake, if the taxpayers money, the one's on the federal sphere and the other from the provincial are going to be used in that way, wouldn't it be a lot more simple and economical if it were done by one organization.

MR. ARTHUR E. WRIGHT (Seven Oaks): Mr. Chairman, the Honourable Member for Lakeside suggested that this was a socialistic move. Well, I fail to see where the loaning of money to private business can be socialistic. In fact I think it's rather an admission of the failure of the free enterprise system which in my mind at times is neither free nor enterprise. But to suggest that this is a socialistic measure is something we can't see.

MR. MOLGAT: Obviously we have a very interesting debate here, the question of socialism and otherwise. I might say that I do not share completely the views expressed by my colleague and desk-mate the Member for Lakeside. I am concerned about certain operations of the Development Fund. I think in general if we could arrive at the point where there was no duplication that we would be better off. The difficulty as I see it with the competition that we face from other provinces in obtaining industry - the very vigorous promotion that is being done in other regions - that we have to protect ourselves from a provincial standpoint and I think in general the broad principles in the past of the Fund have received my approval.

I have not however been completely satisfied with the information that we have obtained from the Fund and I have said in the past, and I repeat, that it seems to me that this House should be informed of more details of the operation of the Fund; that the House should know the names of the borrowers; the names of any that have been default; more details of any that have been in fact in default and whether or not there must have been repossessions or not, and whether they have been refinancing. In other words, the general principle that if we, the people of Manitoba are putting up money, then as their representatives we should know more about what is being done with the money. This is the position which I think we should still hold in this House. I'm prepared to wait the Bill to go into further details on it. I'm certainly not committing myself to wholesale approval of it all. In general principles if it is going to promote

(MR. MOIGAT cont'd)... industrial growth in Manitoba I am certainly for it. I do think that the House should be more fully informed in the future of the activities of the Fund.

MR. FROESE: Mr. Chairman, on this resolution before us I hope that when the functions of the Development Fund or the - I don't know what the new name is going to be - is going to be extended and that probably other government agencies will be able to borrow money from the fund that we as members of this House will not be prevented from getting information that should be ours just because they will probably be borrowing through this particular fund.

MR. CHAIRMAN: ... Passed. Next resolution: RESOLVED that it is expedient to bring in a measure to amend the Civil Service Superannuation Act by providing among other matters for the integration of the Civil Service Superannuation Act with the Canada Pension Plan. The Honourable the Minister of Municipal Affairs.

MR. SMELLIE: Mr. Chairman, I'm hardly an expert in this field but I'll do the best I can to answer any questions there may be concerning this resolution. The Bill is intended of course to allow the integration of the Civil Service Superannuation Fund with the Canada Pension Plan and to allow the payment of the employer's share by the province to the Canada Pension Plan.

MR. MOIGAT: Mr. Chairman, I would like to have some answers from the Minister. Where does this leave exactly the civil servant in Manitoba? Does this change in any way the contributions that he has to make and does it change in any way the benefits which he will receive? Will he in fact receive greater benefits in the future as a result of the amalgamation or exactly what is the situation?

MR. FROESE: Mr. Chairman, when we speak of integration just what are we speaking of? Just what funds are being integrated and to what extent?

MR. SMELLIE: Mr. Chairman, the contribution being made by the civil servant will be exactly the same as it was before, namely 6 percent of his earnings. The portion required to be paid into the Canada Pension Plan will be paid first. A like amount will be paid by the province. The balance of the employees contribution will go into the Civil Service Superannuation Fund in exactly the same way it did before. As far as the benefits are concerned there will be in no case any lessening of benefits; in some cases there will be some increase in benefits.

MR. MOIGAT: Mr. Chairman, where then does this leave the province insofar as its contribution? Some years ago the present government changed the method of funding. I think what we have now is actually a non-funding plan, that is the government does not actually put up a contribution at all - all the government does is receive the contribution from the employees - and those I presume are funded - but the government share is not and when the pension has to be paid it is paid out of current revenue.

Now, with the amalgamation with the federal pension plan, part of the provincial responsibility insofar as the pension is taken over by the federal pension plan, presumably, up to a certain point; to whatever extent the Manitoba Superannuation Plan is higher than the federal pension plan then it is paid out from the Superannuation Fund and any deficit there covered by the province. Could the Minister indicate what the long-range projection is insofar as the provincial contribution that will be required to the Civil Service Superannuation Fund in the future by Manitoba itself?

MR. SMELLIE: Mr. Chairman, I couldn't give any projections in terms of dollars. Under the previous system where we operated under the Civil Service Superannuation Fund alone, the employees portion or contribution was funded; the employers contribution was not funded and was paid at the time when the pension was paid. Now, part of the employers contribution will have to be paid to the Canada Pension Plan and this will be funded in the ordinary course of things with the Canada Pension Plan. The balance of the employers' contribution will be treated in exactly the same way it has been in the past. This will mean that there will be increased contributions by the province immediately, because of the amounts that have to be paid into the Canada Pension Plan. Over the long-range I don't expect there will be any increase, there will be really no change in the amount that the province has to pay.

MR. CHAIRMAN: Resolution passed. The next resolution: Resolved that it is expedient to bring in a measure to amend The Income Tax Act (Manitoba), 1962, by providing that only that part of the foreign tax credit allowed under subsection (1) of section 33 of The Income Tax Act (Canada) may be taken into consideration in calculating the foreign tax credit allowed under The Income Tax Act (Manitoba), 1962. The Minister of Industry and Commerce.

MR. EVANS: Mr. Chairman, I put myself in the hands of the Committee. I am not in a position to further explain or answer questions on this resolution at this stage. If the Committee prefers it, we can leave it in Committee and come to it next time, at which time I will have information from the staff of the Treasury. Or would they like to entertain the suggestion of passing the resolution, or else go to first reading and then have the explanation and full discussion on second reading. I'll be glad to do either that the Committee wishes.

MR. MOLGAT: Mr. Chairman, the only question I would have is, is this a major change that is being made or not. If it is a major change I think it would be preferable to leave the resolution in Committee. If, in fact, it is as many of our income tax changes are, simply to put our Act in relationship with The Ottawa Act, then I would have no objection to proceeding at this point. But only the Minister can tell me that.

MR. EVANS: That is my understanding. I'll have to tell you it's a limited understanding. This is a technical adjustment required to adapt our Act to the Federal Act. Now I have to leave myself in the hands of the Committee, informing you that I don't pretend at this point to be well informed on this proposal.

MR. MOLGAT: Mr. Chairman, in view of the Minister's statement that this appears to be a technical thing only, I'm prepared to pass it now, and suggest that if there were more things involved when we reach second reading, that maybe we would be allowed a little more latitude into the debate at that time.

MR. CHAIRMAN: Resolution passed.

MR. EVANS: I'll undertake to do that, and bring full information at that time.

MR. CHAIRMAN: Committee Rise. Call in the Speaker. Madam Speaker, the Committee has adopted certain Resolutions and request leave to sit again.

IN SESSION

MR. COWAN: Madam Speaker, I move seconded by the Honourable Member for Wellington that the report of the Committee be received.

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

MR. JOHNSON introduced Bill No. 97, an Act to Amend the Teachers' Pension Act.

MR. EVANS introduced Bill No. 80, an Act Respecting The Manitoba Development Fund.

MR. SMELLIE, in the absence of the Provincial Secretary, introduced Bill No. 92, an Act to Amend the Civil Service Superannuation Act.

MR. EVANS, in the absence of the First Minister, introduced Bill No. 9, an Act to Amend The Income Tax Act (Manitoba), 1962.

MADAM SPEAKER: Orders of the Day.

MR. EVANS: Madam Speaker, before you proceed with the Orders, may I lay on the Table of the House the Third Annual Report of the Manitoba Economic Consultative Board dated at Winnipeg, Manitoba, March, 1966. Copies will be distributed.

HON. CHARLES H. WITNEY (Minister of Health) (Flin Flon): Madam Speaker, before the Orders of the Day, I'd like to lay on the Table of the House the report on the Ambulance Services by the Ambulance Service Committee. Copies will be distributed to members of the House.

I should like also, Madam Speaker, to answer a question of the Honourable Member for Gladstone-Neepawa the other day. On preferred charges in the hospitals, the charges for semi-private and private, over and above the standard care that is provided for by the Manitoba Hospital Commission, the hospital may keep 20 percent of the additional amount. The remaining amount is then at the end of the year applied to the budget of the hospital, and if there is anything left over the hospital may keep 2 percent.

MR. EVANS: . . . Was my honourable friend going to either ask a question or . . . yes.

MR. MOLGAT: I was going to simply, Madam Speaker, say I thought that the House should recognize that Miss Doreen McCannel, yesterday, was named Manitoba's athlete-of-the-year. I think that this is something that the members of the House would want to recognize that a young lady should win this coveted award here in the Province of Manitoba. I'm sure that all the members would want to extend to her our most sincere best wishes for an exciting athletic future. She has already had quite a record in the past and it's the first time that she has received this high recognition in Manitoba.

MR. LAURENT DESJARDINS (St. Boniface): Madam Speaker, before the Orders of the Day and I believe on a point of Order, I would like to make a correction in the Votes and

(MR. DESJARDINS cont'd)... Proceedings No. 39, that was placed on our desks today. On Page 3, under an Order for Return, in my name, there's a debate arising and the Honourable Mr. Evans, Mr. Desjardins, Froese having spoken. I believe, Madam Speaker, that I only asked a question or two to the Minister, and I don't think that should be classified as having spoken on the subject.

MR. SHOEMAKER: Madam Speaker, before the Orders of the Day are proceeded with I would like to direct a question to the Honourable the Minister of Municipal Affairs. Does he propose an increase in the fee levied by the government to municipal corporations for assessing? I don't know the exact term. Municipal levy. And if so, what is the percentage of increase?

MR. SMELLIE: Madam Speaker, the costs of assessing in the fiscal year which starts tomorrow, will be increased from last year as a result of the recommendations of the Municipal Advisory Committee as to the program of assessment that should be carried out. What the percentage is, I haven't got at my fingertips. I can take that part of the question as notice, and get the answer for the member tomorrow.

MR. EVANS: Madam Speaker, before you proceed into the Orders further, may I ask whether it would be convenient for the House now - and I particularly ask my honourable friend if he wouldn't mind if he's proposing to continue with his address on the budget, whether we might now complete the Bill that was begun yesterday. I understand His Honour has made himself available at this time. It will take only a moment or two, and if the House would agree to that procedure, I would ask His Honour to come in now.

MR. MOLGAT: No objection at all from our position, Madam Speaker.

MR. EVANS: Thank you.

MADAM SPEAKER: May it please Your Honour, the Legislative Assembly, at its present Session, passed a Bill which, in the name of the Assembly, I present to Your Honour and to which Bill I respectfully request Your Honour's consent.

MR. CLERK: Bill No. 107, an Act respecting Construction of Dikes in Manitoba. In Her Majesty's name His Honour the Lieutenant-Governor doth assent to this Bill.

MR. DESJARDINS: Madam Speaker, before the Orders of the Day may I ask you, Madam Speaker, if this correction that I referred to will be made.

MADAM SPEAKER: I will look into the matter and I will tell you. I haven't my Votes and Proceedings with me. I will look into the matter for the Honourable Member for St. Boniface.

MR. DESJARDINS: Well may I ask this question of you then, Madam Speaker. When you make your decision it will be too late for me to say anything on this for your question is not debatable. Could I bring your attention to something in this matter, the reason why I feel that this is wrong now, or should I wait till the next sitting day?

MADAM SPEAKER: If the honourable member wishes to state his reasons he may do so.

MR. DESJARDINS: Well, Madam Speaker, it would appear that on Page 3, the list as having spoken - Mr. Evans, Mr. Desjardins and Mr. Froese - I believe that if I had spoken I should have been placed before -- my name put ahead of Mr. Evans if moving this resolution was to speak; and if not, I would be closing the debate and Mr. Froese - the honourable member would be speaking out of order. And on this same thing, Madam Speaker, when you consider this for your decision, on Page 1420 of Hansard and 1421, if I spoke, the Honourable Minister spoke four times, because he spoke after me, he spoke after my Leader and he spoke after the Leader of the Social Credit, so I wonder if you would take this into consideration before you arrive at your decision.

MADAM SPEAKER: The adjourned debate on the proposed...

MR. MOLGAT: Madam Speaker, on the same point of order, I think there is an important aspect here, because as it reads now the member for St. Boniface who moved this Order, I presume would be unable to close the debate in view of the fact that he is already shown as having spoken. The other point is that if this speech of his, other than moving, was in fact a speech, then he was in effect closing the debate at that time and the Honourable Member from Rhineland would not have been able to speak, so I think the matter has to be cleared up and I would suggest that the solution is to simply remove his name from the list.

MADAM SPEAKER: The adjourned debate on the proposed motion of the Honourable the First Minister. The Honourable the Leader of the Opposition.

MR. MOLGAT: Madam Speaker, I must say that I am unaccustomed to leading off my reply to the budget by having a visit from His Honour the Lieutenant-Governor, but I certainly appreciate very much the recognition awarded to me by my honourable friends across the way. I think that this is possibly an indication of what they see coming up in the fairly near future and that they recognize in a proper way the Party which I have the honour to lead.

I regret that the First Minister is not in his seat on this occasion; my comments were drafted in part in the hope that he would be here. I hope however that his health will be such that he will soon be back with us.

I regret too, Madam Speaker, that this document was not available to me as I was preparing my reply to the budget, because this document is undoubtedly one that has a great deal to do with the topics and subjects that we discuss during budget debate. I obviously do not know what this contains.

One of the problems that exists at all times for the Opposition is that of being able to do the research and get the information that is required in order to make sound practical assessments of the affairs of government, of the finances of the province, and of the proposals contained in the Budget Speech. Due to our lack of research facilities, the fact that we have no staff supplied to us, we have to depend either on volunteers or strictly on our own resources, and the use of a document like this would certainly be invaluable.

I note however that the headline of the newspaper of today, which reports on this document which we have just received, indicates that the research that I and my group have made as the basis of my budget reply is in fact in line with what the report of the Economic Consultative Board is, because the headline today in the Winnipeg Free Press is: "Urgent Concern Voiced, Manitoba's Growth Lags, Strong Medicine Needed to Make Economy Flourish Say Government Advisors." This from the group who have the responsibility to analyze our economy and make recommendations to it. So, Madam Speaker, my comments are unfortunately in line with what this is. I say "unfortunately", because none of us are happy to see that sort of a headline and less happy to see those facts in Manitoba.

So it's with a feeling of depression and sorrow that I rise today to review Mr. Roblin's budget. I think this budget can quite properly be called "Confession of Failure, Part 2." It's a confession of failure, because this budget is clearly a cynical continuation and a second blatant example in this Session of the government's determination to mislead the people of Manitoba and to deny to them the facts to which they are entitled, without explaining why, when prosperity came to call on Canada, no one was home in Manitoba during the last eight years. It's a budget that's full of sham and smoke.

What it lacks, Madam Speaker, are the facts, the facts that my honourable friends across the way have deliberately swept under the carpet. I'm afraid I must disappoint the Conservative Leader. He warns us time and time again in his Budget Speech not to criticize him. He reminds me a great deal of the writer who says, "I can stand any amount of criticism as long as it's unqualified praise." Well, the budget that was presented to us last Thursday, Madam Speaker, is patently and obviously, arrogantly and contemptuously, an election manifesto. It is a confession of failure. To paraphrase a quotation made only a few days ago in his Budget Speech by my honourable friend across the way, we will strive on our side earnestly to untangle this riddle until we reach the sunny uplands of comprehension and common sense.

Let's look behind the bewildering and unsubstantiated statistics and have a look at the real facts as they are today in Manitoba. The fact that Manitoba today has the second highest per capita debt in Canada. The fact that the government has no intention of reducing our debt by \$8 million in this budget but actually intends to increase it by an additional \$165 million in the coming year, almost a half a million dollars a day. The fact that the government has under-spent by more than 6½ million on the Floodway, surely an item that warrants more priority than it has received to date - authorization to spend the money, the government did not proceed. The fact that the budget that we've been presented with is in fact not a balanced budget, it's a deficit budget of \$22 million, and the worst fact of all is the fact that Manitoba is falling behind the rest of the nation.

Well, this budget certainly makes it clear that 1966 is going to be an election year in Manitoba. Manitobans can well wonder why, however, why the government has decided to call an election 18 months ahead of the time that its term is up. Manitobans can ask why, if the boasts of the government about, and I quote, "Our sound provincial economy, our affluent times,

(MR. MOLGAT cont'd.) our economic records" - if those are indeed true, if those are accurate statements, if things are as rosy as my honourable friend claims, and if the growth policies of the past eight years are so effective, why is the government rushing into an election now?

Can it be that the government is more interested in programs geared for elections than in programs geared for steady progress? Can it be that the government would rather not face the budget that must follow this one? Can it be that this budget and the exuberant statements that accompany it are really simply a "Vote Now - Pay Later" plan? These, unfortunately, are the conclusions that must logically be drawn from this budget. It is a cynical budget prepared by a government that believes that the people of Manitoba will believe anything as long as they're told it often enough; a government that believes that after eight lack-lustre years in office they can revive themselves now just before an election with a spate of announcements and promises to confuse and deceive the public; a government that is more concerned with elections than with people.

Year after year I've been urging this government to give the people of Manitoba a clear-cut and accurate accounting in the budget, a factual accounting of the affairs of Manitoba. I have recommended on several occasions in the past that the government improve its methods of accounting to the public and give the people of Manitoba an annual report of their affairs in clear, simple terms without juggling and without evasion.

The people who pay the taxes are entitled to the full facts. We Liberals in the House have asked by resolution every year for the appointment of an Auditor-General to give an impartial outsider's report on the people's business. Such an office has been proven elsewhere to be a great money-saver and so a tax-saver. Manitoba's Conservative Government has consistently voted against an Auditor-General, as they did again on Tuesday of this week. Why? Surely the people of Manitoba are entitled to have their affairs run on an efficient and accurately-audited basis. We Liberals have recommended that consistent accounting practices be carried on, that the publication of Public Accounts of the province be speeded up as they are in other provinces. We now get them several months after the events. For example, this year the Public Accounts for the year ending a year ago now, a year ago today, were given to us at the end of January, a full ten months after the end of the term. We've recommended in the past that clear, definite and constant definitions of Current and Capital be followed. We have recommended that we stop playing with words in the definition of "Debt", and reveal to the people instead the actual details of their debt involvement. How much in debt has this government put each Manitoban? These steps are essential, Madam Speaker, if the people of Manitoba are to have a clear picture of the affairs of their province. It is their right to have it; it's the government's duty to supply it. I cannot find it in the budget that the government has presented.

Now we Liberals are not the only ones who asked for an improvement and a standardization in government accounting practices. Here is what the Canadian Tax Foundation - a totally independent body organized by the Canadian Bar Association and the Canadian Institute of Chartered Accountants - this is what they had to say in their 1965 report, "Provincial Finances. In the foreword of this report dated May, 1965, Page iii, they say, and I quote: "As part of the moving towards co-operative federalism about which so much is heard these days, it may not be too much to hope that eventually all levels of government in Canada will adopt a standardized method of accounting. This would do much to advance the citizens' understanding of the effect of government activities on the economy." Meaningful and accurate comparisons with the other provinces are one way that the people of Manitoba can judge properly and accurately the job that is being done by their government.

Now, Madam Speaker, I'd like to turn and have a look at the subject of Manitoba's debt. Once again, the Budget Speech does not tell the truth about debt. The budget says, and I quote, "It can now be reported that the net public debt at March 1, 1966, stood at \$186,178,000, for a decrease of \$1,680,000 from the previous report as Table 10 discloses. A further reduction of \$264,000 has occurred so far this month. We are hopeful that reductions of at least \$8 million can be attained in 1966-67."

On hearing this, Madam Speaker, is it not reasonable to assume that, in fact, the total debt for which the people of Manitoba are responsible through their government is going down? Is this whole approach by the government, in fact, not an attempt to make the people believe that this is so? Is this not what the news media report, "Manitoba Debt Dropping." And what is it that my honourable friends themselves are saying at this time? What does the government's

(MR. MOLGAT cont'd.) own press release say? Well, the press releases are dated March 25, immediately following the budget. What do these press releases - paid for by the people of Manitoba and sent out broadly across the province through every news media - what do they say? Madam Speaker, they say the following. Here are the headlines: "\$298 Million Budget with Selected Tax Cuts; Strong Economy Boosts Revenue; No Provincial Borrowing Seen." No provincial borrowing seen - well, well. Another one, "Public Debt Cut; No Government Borrowing Seen."

Madam Speaker, are these accurate statements? They are not. These government statements are not true. The facts are different. Even if we consider only this so-called "Net Public Debt," it's interesting to note that in view of the government's constant interest in comparisons back to 1958, it's interesting to note that in 1958 when the present government took office, the debt, as calculated by themselves, on this one part of the debt alone, was \$29.7 million. Almost eight years later at the 1st of March, 1966, by their own reckoning, it is \$186 million, an increase of over 600 percent.

But, Madam Speaker, what the budget fails to make clear is that this is only one part of the debt, and it's a small part of the debt - the smallest part of the debt. Now the Premier can call our debts whatever he wants. He can play with words to whatever extent pleases him. He can juggle the figures from one column to the next, but he can't escape the facts. I refer back again, Madam Speaker, to his own statements when he was sitting in the Opposition. Now I know that he and his colleagues don't like to hear this statement. I have repeated it to them on a number of times in the past and I am going to repeat it to them again, because it has complete bearing on what my honourable friends are trying to do now, and if this statement was true in 1952 when the Premier made it when he was then the financial critic for the Conservative Opposition in this House, if it was true then, it's even more true in 1966.

Here is what he said then. On the 25th of March, 1952 -- I know my honourable friends don't enjoy hearing this one. It's fine for the Minister of Mines and Natural Resources - you can laugh - go right ahead and laugh. The statement is very true. Listen to it. Listen to it. It's a sound financial analysis. Here's what he had to say and I quote directly from his speech. "We heard a lot of definitions. We heard about gross debt. We heard about self-sustaining debt. Let us be careful lest we deceive ourselves with words. What is this phrase, self-sustaining debt?"

"Well, let's take an example here. The highways right now, when they are covered by capital borrowing, are considered to be dead weight debt. But, Mr. Speaker, if you have a Highway Commission as they have in some parts of the world, with the right to levy the gasoline tax and that sort of thing, in other words to sell the highways, they would come to this government and borrow funds. We would lend them the funds and they could sell the highways to the public and pay us back the interest on our money and we would call that self-sustaining debt.

"That is precisely the procedure that takes place when you authorize the telephone system to have a monopoly on phones in this province, or the power commission to have a monopoly on power in this province. You could call anything self-sustaining debt provided you balance and define your terms nicely.

"We know what happened in hard times. Whether you call this self-sustaining or dead weight or whatever you call it, the people do not use the roads, the people who don't use them take out their telephones as we have seen them do. They economize on electric light. Some of these self-sustaining debts may require a prop or two before we are through. There is a funny thing about debt, Mr. Speaker. No matter what you call it, you still have to pay it back and I say that we should regard this steady increase in the gross total of the debt of this province with some concern."

This was Mr. Roblin speaking in 1952. At that time, according to his calculation the debt of the province, the total debt according to him, was \$175 million. The latest estimate of the debt at present - the total debt of Manitoba - the latest estimate is \$712 million, with 165 million more to be borrowed this year to give us at the end of the year a grand total of \$877 million. Well there might be some - and I gather from the snickers across the way, there might be some who feel that the then financial critic and the now Premier is not as expert as might be expected in the field of finance.

Well then, let's look at some other sources. Let's look at some completely impartial sources. Let's look at what the Canadian Tax Foundation has to say. I referred earlier to the Canadian Tax Foundation, Madam Speaker, and I have prepared a table entitled "Direct and

(MR. MOLGAT cont'd.) Indirect Debt in Manitoba as at March 31, 1958 to 1964, " directly from the figures provided by the Canadian Tax Foundation.

This shows that, contrary to the impression left by the Premier's budget statement, it shows that the total debt of the province at the end of March, 1964 - which is the latest available from the Tax Foundation by the way - the total debt at that point according to them was \$662.4 million. What was the government claiming then? What were they saying in last year's Budget Speech for the same date? They said the total debt then was \$165 million, a discrepancy of - well, almost half a billion dollars between what the government claims and what an impartial body claims.

Now what does this mean for the average Manitoban, Madam Speaker. The Canadian Tax Foundation again tells us that at March 31, 1964, the total provincial debt for every man, woman and child in Manitoba was \$691 each. This was the second highest per capita debt of any province in Canada, second only to British Columbia, and it's been climbing steadily as the following figures prove. When this government took office the per capita debt was \$287.00. By 1961 it had risen to \$530, 1962 - \$585, 1963 - \$632, 1964 - \$691, a steady increase.

I have prepared a chart, Madam Speaker, to show what this means for an average family of five persons. It's a pretty disheartening picture, but it shows clearly what has been happening to the debt of the Province of Manitoba in spite of what the government has been saying. It shows that at the end of March, 1964, an average family of five in the Province of Manitoba carried a provincial debt of \$3,455 for that family. When this government took office some eight years ago, the same figure was \$1,440, an increase of more than \$2,000 in just eight years.

Well, in the past, as he did in the Throne Speech this year, the Premier has rejected Dominion Bureau of Statistics and Canadian Tax Foundation figures. Surely, Madam Speaker, surely it's enough to point back to the absolute impartiality of the Canadian Tax Foundation and to point to the professional competence of its members to prove that these figures are correct and not open to question.

Furthermore, Madam Speaker, these figures are completely comparable to all provinces because the Canadian Tax Foundation, as does the Dominion Bureau of Statistics, use figures that are totally comparable, and when they produce these figures, they produce them in the same way for every province in Canada. The difference between what the Conservative Government would like us to believe and the facts as they are, is that the government pretends that the indirect debt, or as the government now prefers to call it in this budget, the self-sustaining investments, the government claims that this is not in fact debt. The Canadian Tax Foundation refuses to accept this idea. Logic tells us that the Canadian Tax Foundation is right. The so-called self-sustaining investments are the debts of bodies that are owned by the Manitoba Government and so by the people of Manitoba. As the present Premier said in 1952, it's ludicrous to suggest that the debts of a totally owned government corporation such as the Manitoba Hydro are not in fact the debt of Manitoba. To pretend otherwise is simply to play with words to fool the public.

It's obvious that in the event of trouble, it's the people of Manitoba who would have to pay the debt of any of the utilities. If the difficulties with the power station at Grand Rapids which held up its production for a full year, if those difficulties had continued, it's obvious that no one else but the people of Manitoba would have had to pay the extra involved. Similarly, the extra costs involved by the year's delay, as outlined to us some years ago by the present Minister of Mines and Natural Resources, those extra costs are paid for by Manitobans, not by anyone else.

The people of Manitoba are responsible for all of the debt of the province - each and every dollar - regardless of what Mr. Roblin calls it. The direct debt costs are paid through taxes. The indirect debt costs are paid through bills on services, and so on. But both debts, most assuredly, are debts, just the same in 1966 as they were in 1952. The rates for the utilities are established so as to cover these costs. It is the people of Manitoba who are supporting the self-sustaining debts - each and every person in Manitoba and no one else.

The method of accounting which this government is following is exactly that of Premier Bennett of B. C. By shifting his debt from direct to indirect, he claims that his province is debt-free, exactly as Mr. Roblin is trying to do in Manitoba. In Manitoba this year, the government tells us the debt is down by 1.7 million and is due to drop another 8 million, but the plain facts are that we are going to borrow an additional 165 million in the coming year, almost a half a million dollars a day, for which the people of Manitoba are going to be responsible. The

(MR. MOLGAT cont'd.) Budget Speech does not say that. The Budget Speech is once again arrogant; a complete disregard for the facts; and a complete disrespect for the people of Manitoba, because it's not telling them the truth about their debt position.

Well now, having dealt with the debt, let's take a look at some of the other statements made in the Budget Speech, the statements about revenue and the surplus. The record of this government, a record that has constantly expanded the tax load on our people, is only too familiar to the people of Manitoba who have shouldered more and more increases in fees and licences of all kinds - a fee to enter provincial parks; two increases in gasoline taxes; two increases in beer and liquor taxes; two increases in cigarette and tobacco taxes; a provincial income tax - the highest, or rather the second highest in Canada; a tax on heat; and this is only a partial list - all in eight years.

The people are painfully aware of this tax record. The people of Manitoba are entitled to have a clear and consistent accounting of the use of these taxes, of the revenue and surplus position of the government, and a clear and consistent policy on taxation.

There are two possible approaches to government financing and taxation. The first is the approach of the present Conservative Government as evidenced by their eight year record. Simply stated, it is that if you need money, tax the public and borrow as well. If you need more money, increase the present taxes, impose new ones and borrow some more. The contention of the Liberal Party is that government activity should be productive. By accomplishing real growth and gains of productivity in our province, we can increase government revenues without constantly adding more and more taxes on the individual. This is the second approach to government financing. It's the one that we've been recommending to this government for some years.

An example of what I'm saying can easily be seen by looking at the federal situation. Under Mr. Diefenbaker and the Conservatives, the government had an almost consistent series of deficits because the country was not growing. We had a situation of unmanageable employment and Canada was lagging. Since coming into office, the federal Liberal Government has spent more money than ever before in the history of Canada, and at the same time that same government has vastly reduced deficits. Why? Because they have accelerated our national productivity. Because when they came in, the productivity of the country went up.

I have a table here, Madam Speaker, showing quite clearly what went on. In 1956 the surplus of the Federal Government was 544 million. The following year, the first of the Conservative Government period, the surplus dropped to 249 million. Then we were faced after that with steady deficits - 757 million, 327 million, 251 million, 455 million, 544 million - all in deficits, bringing us to 1963. The first year of the Liberal administration the deficit was cut in half - 292 million. The following year ended up in a surplus. A chart outlining these figures shows quite clearly that the expenditures through the years have been going up steadily. The deficits increased steadily through the Conservative period, and since that time have been correcting themselves.

This is the course that Manitoba should have been following all these years. Had there been real growth in the Province of Manitoba, had there been real productivity in this province, the rate of taxation that existed would have brought in substantially more funds. This absence of growth and productivity in Manitoba is the crowning failure of eight years of Conservative government.

Now what about the taxation policy of this government in the meantime? Well, Madam Speaker, it can be best described as one of skips and hops, mend and patch. First of all, they imposed an income tax. Then a little while later it was reduced, but at the same time a tax on heat was imposed, an absolute and complete denial and rejection of the principle of ability to pay. You reduced the income tax and you put a tax on heat. Then they had an unplanned and impossible land transfer tax. It was introduced in this House in a bill and never proceeded with. It had never been thought out. The unconscionable heat tax, which we constantly opposed, was imposed on the people of Manitoba by this government for almost two years. Now, with the approach of an election, it's partially removed.

The only apparent taxation policy is that of expediency. Manitobans are entitled to clear facts about the results of taxation and expenditures, that is, a true and accurate picture of surplus and deficit. The government should conceal nothing. The budget should be a complete, direct and total exposure of the true state of affairs of this province. It should not be a game of hide and seek. Surely everyone, with the exception of the present government, will agree with this.

(MR. MOLGAT cont'd.)

How then can we relate the statements that this government makes in the budget with regard to the surplus situation? Obviously, the government must have been, on the one hand, over-taxing the people of the province ever since the great Tax Session of the summer of 1964 when it imposed, according to its own figures, about 22 million in new taxes. It must have been over-taxing since that time, and on the other hand, under-spending on programs which it had, I hope sincerely, promised to the people.

Let's deal first of all with the over-taxing. It's quite obvious now, Madam Speaker, from the figures produced by the government that the heat tax was never needed. The Attorney-General was absolutely right when he made the statement that he could think of no reason why it should be imposed, because there was no reason why it should have every been imposed. How can the government ever justify imposing such a cruel and unnecessary tax on the people of the province when it now tells us that in the same year that it imposed this tax - in the very same year - it had a surplus of \$15 million. Is this sound and competent fiscal planning? Would the government impose this harsh and unnecessary tax just in order to be able to remove it before an election? Was the great Tax Session of 1964 just part of the great election plan of 1966? Are our affairs really operated with such a cynical disregard for the people of Manitoba? Has this government become so arrogant, as evidenced by the attitude of some of the Ministers, have they become so arrogant that they are prepared to do this to Manitobans?

Let's go on to the under-spending, Madam Speaker. A check of Public Accounts for the past two years reveals that on regular estimates the government has under-spent substantial sums - sums that had been authorized by the Legislature were not expended. A striking example of this in the under-spending on the Greater Winnipeg Floodway. It's shocking to think that with a flood threat last year, a flood threat again this year, that the government failed to spend \$6.6 million of money voted by this House for the construction seasons of 1963 and 1964, and yet that is what Public Accounts reveals to us. Why the delay in the face of urgent need? Had this work been done as authorized by vote of this House, would the people of Greater Winnipeg be faced today with a flood? Would the government and the municipalities and the people of Manitoba be spending hundreds of thousands of dollars for diking and for moving? How can the government explain the failure to proceed as authorized, particularly in view of some of the statements that they themselves made during the course of the 1962 election.

Here's what they were saying then, Madam Speaker, and I refer to Speaker's Handbook No. 2 entitled "Agriculture", and produced by the Conservative Party in the 1962 election for the use of their candidates. What does this have to say, Madam Speaker? Well, it has some pretty unpleasant things to say about the record of the previous government about floods. Let me read it to you. "The Red River Floodway, about which the previous Liberal Administration procrastinated for eight years, is now under construction. When completed in 1965," - I repeat - "when completed in 1965, it will provide flood protection for over half of the population of Manitoba."

So, Madam Speaker, in the 1962 election the government is promising it will be completed in 1965. They're saying the previous administration procrastinated for eight years. What's the record of this government? They've been in office eight years now, Madam Speaker. They promised they would be finished in 1965. They haven't even spent the sums that the House authorized them to spend during two construction seasons of 1963 and 1964. The other day the Minister of Agriculture told us the Floodway would not be completed until 1968, and these are the people who keep on saying that the previous government did nothing about the Floodway. What sort of a record is that - the promise that it would be done in 1965; to under-spend authorized sums; and to tell us now that there's a three year delay.

Let's go on to other subjects in the Budget Speech. The government now claims it will have a balanced budget in 1966-67. This of course is accomplished by the ludicrous practice of carrying forward so-called surplus from previous years. This practice, which has been carried on by the Conservative Government of this province since 1960, is termed "phony bookkeeping" by qualified bookkeepers. If the government has to use \$22 million from the past to balance its books for the coming year, it really means that the government, if it isn't under-estimating or over-estimating revenues for the coming year, is actually short \$22 million in this year's operation. Let's assume that there is no past surplus to rely on - let's assume that we ended last year on an absolutely break-even point - then in reality there would be a shortage

(MR. MOLGAT cont'd.) of \$22 million in cash income in the coming year. This means that taking the operations for the year - taking the year by itself - the budget is not really balanced as claimed by the government. It is actually a deficit budget of \$22 million.

The obvious conclusion to this, Madam Speaker, is that next year, after we have used the \$22 million from past years to meet this year's deficit, next year there is no reserve to fall back on. Next year, without any new plans for expenditure, without any increase in the present expenditure at all, we will be short \$22 million unless - unless, Madam Speaker, two things - unless the government cuts \$22 million from its program or unless the government gets another \$22 million from the taxpayers. This is what is facing the people of Manitoba in this election year, a phony balanced budget to be followed after the election - after the election - by the sad truth that you can't spend more than you take in.

I can't, Madam Speaker, conceive of any legitimate business operation that uses the profits from one year to show again as a profit for the following year. Any corporate board of directors who attempted such a scheme would be immediately thrown out of office. I know of no individual, Madam Speaker, who ends up with some money in the bank at the end of the year who reports that on his income tax the following year as income once again. Only the Government of Manitoba knows this method of accounting where you use a past surplus to prove that you've got a balanced budget this year. The facts are the budget is not balanced for the year 1966-67; there is a deficit of \$22 million. The public have a right to know this. This points out once again, Madam Speaker, the urgent and compelling need for a clear definition of terms used by governments in presenting their budgets, terms that explain clearly and accurately; terms that don't confuse everyone, including the government that is presenting the budget.

Well, this claim about surpluses, Madam Speaker, what about it? The Manitoba Government has for years now been claiming a surplus every year. Every year we're told that there's a surplus. What are the facts? Well, once again, impartial sources such as the Dominion Bureau of Statistics and the Canadian Tax Foundation give us entirely different figures, figures based on comparable figures with the other provinces.

The comparison of figures from the Manitoba Government and those from the Dominion Bureau of Statistics and the Canadian Tax Foundation, I have also set up on a table, Table No. 3, "Comparison of Net General Revenue and Expenditure Statistics." What do these show us, Madam Speaker? Well, Column No. 7, which is the deficit or surplus as taken from the Public Accounts which is the government's statement, the government claims that in every year since 1958 to have had a surplus. It went up from \$5,000 in 1958 to 3 million in 1959 - 3.7 million in 1959, 8 million in 1960, 9.4 million in 1961, 8.4 million in 1962, 10 million in 1963, 11 million in 1964, and almost 15 million in 1965.

Those are the Manitoba Government figures. What do we find out from other sources? What does the Dominion Bureau of Statistics tell us? What do Provincial Finances tell us by the Canadian Tax Foundation? Well, Column 6 gives us that picture. Madam Speaker, it tells us something entirely different than what the government has been telling the people of Manitoba. It tells us that for every year since 1958 this government has been in a very substantial deficit position. It shows a deficit in 1958 of \$2 million, 1959 - 2.6 million, 1960 - 54 million, 1961 - 18 million, 1962 - 15 million, 1963 - 31.3 million, 1964 - 24.9 million, and 1965 - 31 million. Those are the figures of impartial observers, Madam Speaker. The government shows us entirely different figures. The explanation for this is juggling of the figures, Madam Speaker, from Current to Capital. The Canadian Tax Foundation and the Dominion Bureau of Statistics will not permit that. They insist that what belongs in Current should be in Current and what belongs in Capital should be in Capital, and that is how they arrive at their figures. The obvious facts are - it seems the government figures that if you do enough juggling you can prove whatever you like. Well, DBS and the Tax Foundation don't juggle. They issue these figures for every province in Canada, and those are comparable figures with other provinces and consistent figures.

I set these up on charts as well, Madam Speaker, and they reveal quite a story. When you look at what the government claims - a consistent and increasing surplus. When you look at the true facts of impartial observers they are reversed - an alarming deficit position. The budget does not tell the people of Manitoba the truth about surplus and deficits. This government says: believe what I say and ignore competent financial experts. Another clear-cut case of their arrogance and their complete disregard for the people of Manitoba.

But Madam Speaker, the government exists to serve the people. In the final analysis,

(MR. MOLGAT cont'd.) all government policies have to be judged by their effect on people. The massive increase in taxation and total debt under this government must meet one test. Have they improved the living standards and the way of life of the people of Manitoba? Expenditure and borrowing in themselves are not bad. The whole question is, do they produce the desired results? I have gone through in detail, Madam Speaker, the financial position of this government because I believe that the true facts should be given to the people of Manitoba. It's their business and they ought to know.

The second thing the people of Manitoba are entitled to know is has this expenditure and has this borrowing been done in a sound way, and has it been productive for the people of Manitoba. Well, quite obviously you cannot spend the tremendous sums spent by this government since 1958 without having some improvements in government services, and I readily recognize that there have been improvements in a number of fields. I readily admit this. But, Madam Speaker, the steady and constant development of an economy can only be based on steady and constant real growth in that economy, and after eight years of Conservative rule in Manitoba since 1958, in spite of the massive government expenditures and government investments, after eight years it is obvious that the government policies have failed to stimulate the private sector of the economy.

In spite of the recent avalanche of announcements, the Conservative Government's policies have failed to produce sufficient growth in Manitoba. They've failed to basically alter the eight-year picture. We welcome these announcements, Madam Speaker. We welcome the new announcements. We're going to ask some questions about them because we want the interests of Manitobans to be protected. We want to know that Manitobans have got a good deal and we welcome them, but should Manitobans have to wait until an election year for opportunities? Because of the failure of the government policies to produce sufficient real growth, our people here in Manitoba are faced with constantly higher taxes, without having the corresponding increasing ability to pay them.

Now no doubt, Madam Speaker, as I give the facts that I'm going to give now, the Premier will repeat the sound and fury that he did in his reply to my comments on the Throne Speech. He will accuse me of all sorts of things. At that time, Madam Speaker, I gave figures showing how Manitoba is falling behind other provinces, figures which the Premier would rather obscure than confirm. After eight years of Conservative Government, Manitoba is not only not keeping pace with the rest of Canada, we're falling behind.

Here's some examples. Let's take population growth. Surely - surely if we had a buoyant economy, if we were really moving ahead as the government claims, our population would grow. At least our own people would stay here and there should in fact be some new people arriving. The reverse is happening - we're losing people. Last year, in spite of the fact that some 7,000 babies were born in Manitoba, when you look at our population estimates according to the Dominion Bureau of Statistics, they show that at the 1st of January, 1965, our estimated population was 960,000; at January 1, 1966, it is estimated at 959,000. According to them, a decrease of 1,000 people. People are leaving Manitoba, Madam Speaker, and unfortunately the ones that are leaving are by and large those who are skilled and trained. Manitoba is experiencing a most serious "brain drain."

I haven't had a chance, obviously, to assess what this report says about it, Madam Speaker, but I understand from my colleagues who have looked at it while I've been speaking, that this report in fact shows an even worse picture for the Province of Manitoba.

What about the income for our people? Well, let's look at a few facts. Manitoba has the lowest weekly wage west of the Maritimes. Our average wage last year in Manitoba was \$83.47. Every province from Quebec west was higher than we were. Who says that, Madam Speaker? The Dominion Bureau of Statistics. The 1965 Canada Year Book listed 22 communities across Canada with weekly wage rates. Winnipeg was the second lowest. Average monthly wages for male farm help - Manitoba pays the lowest wages on the prairies. In 1964, which is the last year for which the figures are available, the figures showed that Manitoba, for example, in the month of August - figures taken at the 15th of August - was paying a range of 149 to \$188 per month. The two figures by the way are based on one figure with board and the other figure without board. Saskatchewan at the same time was paying substantially more - \$162 to \$196; Alberta was paying \$160 to \$205.00. The source for this is the Canada Year Book.

What about total labour income for 1965? Well, the figures are available for the first nine months. These again are Dominion Bureau of Statistics figures as reported by the Canadian Press. They show that Canada went up by 10 percent; Alberta went up by 12 percent,

(MR. MOLGAT cont'd.) Saskatchewan up by 7.7 percent, and Manitoba trailed the field at 7.3 percent.

What about our minimum wage rate, Madam Speaker? Minimum wage rate in Manitoba - 85 cents per hour, or \$149.54 a month if you base it on an average working week. This is the lowest of any province west of Quebec. We're 20 cents below Saskatchewan, 30 cents below Ontario, 68 cents below British Columbia. Is it any wonder, Madam Speaker, when you look at these income figures, that people are leaving Manitoba? Well, can the government say: oh well, it costs less to live in Manitoba. Madam Speaker, it's not true. In spite of our lower income our people are faced, first of all, with the second highest rate of personal income tax in Canada, and then when you come along to look at the cost of living index, you find the surprising fact, Madam Speaker, that our cost of living in the Province of Manitoba is as high, if not higher, than other higher income areas.

Here's some figures for example, and this is again from the Dominion Bureau of Statistics - Consumer Price Index for 1964, with 1949 being the base. If you take all items, Winnipeg was based at 132.3 whereas Saskatoon and Regina were 129.8; Edmonton and Calgary, who are frequently considered to be higher cost areas, were 128.2, lower than Saskatchewan; Vancouver just barely edged us out, 132.7. So if you take the three western provinces, or almost the same as the Vancouver area which is a substantially higher income one, we're substantially higher in cost of living than our two neighbouring prairie provinces.

Well, let's take a look at industrial growth, Madam Speaker. Again here I have produced some charts giving us the various comparisons. The figures here are from the Financial Post, 19th of March, 1966. The weekly wage, for example, the average increase - this is the percentage of change between November, 1964 and November, 1965 - the average increase across Canada in weekly wage in that period of the year was 6.3 percent; Manitoba was 4.4 percent. Employment - Canada went up 6.5 percent; Winnipeg went up only 4.3 percent. Urban housing starts - a pretty fair gauge of what activity is going on in an area - across Canada there was an increase of 1.9 percent; in Winnipeg it dropped by 8 percent over the previous period.

Have a look at another chart - Increase in Value of Department Store Sales. This again is from the Dominion Bureau of Statistics. These are figures comparing February of 1965 to February of 1966. The Canadian average was a 10.8 percent increase; Manitoba, 1.7 percent increase.

Let's look at some other figures - Private and Public Investment. Just recently the Federal Government produced this booklet which is an annual publication, "Private and Public Investment in Canada, Outlook 1966 and Regional Estimates." This shows, Madam Speaker, and I refer to a table on Page 25, giving us the three different years - 1964 and 1965, and the intentions for 1966. If you look at this, Madam Speaker, you find that the average Canadian increase in Capital and Repair Expenditures - these are what has been done and intended to be done during that three year period - the average increase across Canada was 27 percent. You look at the figures by provinces, you find that it ranges from a high at Prince Edward Island - they were number one on the list with 67 percent, and unfortunately, Madam Speaker, Manitoba at the bottom of the list at 15 percent - below every other province in Canada; below the Canadian average quite obviously. That's private and public investments in our province - behind everyone else.

Let's go and look at some of the government's own figures. According to their own figures in Public Accounts, Madam Speaker, the people of Manitoba have not reached the income which even the government expected. For the past two years, the actual provincial revenue from personal income tax has fallen substantially below the figures that the government themselves estimated. Here are the figures, and they are taken from Public Accounts and from the Estimate books. For the year ending March 31, 1964 - and I'm now speaking of individual income tax - the government estimated it should receive \$22.8 million; it in fact received \$21.4 million. They were short 1.3 million. For the next year ending March 31, 1965, the government estimated it would receive \$25.5 million; it actually received only \$24.3 million - short 1.2 million. These indicate, Madam Speaker, that the people of Manitoba did not have the income that the government expected them to have, because they didn't have the income they didn't pay income tax. This is a clear indication that they were not going up as the government said that they would.

There are some interesting figures by the way on that score, Madam Speaker, that the following year for March 31, 1966, for which we don't have the Public Accounts as yet of course, the estimated individual income tax revenue by the province was \$29.1 million; then for the next

(MR. MOLGAT cont'd.) budget, the one that we are discussing now ending March 31, 1967, it suddenly increases to \$41 million. It's a rather interesting figure when you consider that they have over-estimated for the past two years, that they are now showing an increase in one year from 29 million to 41 million. It would lead one to wonder whether this figure maybe isn't a little padded to help show the so-called "balanced budget" that my honourable friends are claiming. Well, these are their figures.

Let's have a look at another index of productivity and economic activity, and again from my honourable friend's own figures, the Public Accounts of the province. What does the income tax on corporations shows? Surely - surely if the corporations of Manitoba are productive, if business is good, if the province is booming, if times are great as my honourable friends say, surely then the corporation income tax should reflect it. Surely if corporations are making more money there should be a substantial increase in the income tax collected by the Province of Manitoba. What are the facts? Well, let's have a look at what my honourable friends report in their own Public Accounts. For the year ending March 31, 1964, they estimated the corporation income tax to be 16.9 million. In fact, it was 14.9 million, some 2 million short. For the following year ending March 31, 1965, the government estimated they would be 18.3 million; they actually received 15.5 million. That time they were short 2.8 million. It's quite obvious that the great economic activity is not there, Madam Speaker.

It might be interesting to have a look here too at what the projections are for the future. For this year ending March 31, 1966, the government estimated that they would receive some \$17 million in corporation income tax and for next year, in the so-called balanced budget for 1966-1967 - the election budget - they expect, they claim, to receive 21 million. It would be interesting to know the basis of these.

Now the Premier in the budget, Madam Speaker, cites some figures to show increases in certain areas, but the facts are that these increases do not compare with the rest of Canada. We are increasing at a slower rate than the rest of Canada. In capital investment, in personal income, in retail trade and so on, our rate of increase is less than the Canadian average and, in fact, it is less now than it was in Manitoba in past years.

Now these figures and statements are appalling. The rest of Canada is moving forward and Manitoba is falling behind. No one, Madam Speaker, no one in Manitoba gets any satisfaction from such a record, but we have to recognize that this is the situation in which we find ourselves. The people of Manitoba have been aware of it for some time. One can sense right now in the Province of Manitoba some uneasiness, disappointment and frustration, and this is evident in the exodus of our energetic and ambitious young people. The government, with an election apparently near, now recognizes its own failure, and in a frantic last-minute effort, announces some new programs in the Budget Speech, development programs that should have come a long time ago. They have had eight years, Madam Speaker. Perhaps it's a pity that Mr. Roblin wasn't required to hold an election every year. Maybe we would have gotten some action in the Province of Manitoba.

I am looking forward to the details of their announcements, Madam Speaker, and I say that I am going to support those that are sound programs for the Province of Manitoba, but I'm not satisfied, Madam Speaker, that the Province of Manitoba and the people of Manitoba should have to wait until an election year, should have to wait eight years for the government to do something to get the province moving.

Madam Speaker, in spite of the failures of this Conservative Government to produce growth in Manitoba, I remain an optimist about the future of our province. We are blessed in Manitoba with an abundance of natural resources. We have good soil, ample water supplies, rich forests, great unexplored mineral potential. We have a rugged but a healthy climate, and I believe that, given a chance, Manitobans can do much better with their province. We have a strong and a courageous and enterprising people, but there remains a great deal to be done if we are going to get Manitoba moving.

We have to do a great deal more in the field of education. That is why we in the Liberal Party recommended two years ago the establishment of a Council of Higher Learning, to make sure that there was planned progress in our advanced education. This idea was finally accepted by the government last year, but so far we have seen no results. This is why we've been urging the government to do much more in the field of guidance, in vocational training, in regional teaching centres. We are going to have to spend a great deal more in the future, Madam Speaker, on education if we are going to do a proper job for the people of this province.

We obviously have to do much more to get industry in Manitoba. We have to make our

(MR. MOLGAT cont'd.) agricultural economy constantly more productive than it is. In many of these fields, we must legitimately ask the Federal Government to assist us. I am happy to hear the "Hear, Hear," on the far side, because it's a far change from the position that the honourable gentleman took when there was another government in Ottawa. Let me remind them about their position on the Air Canada Overhaul Base where they did nothing - nothing for two years - not a thing for two years. Not a thing for two years -- (Interjection) -- That has nothing to do with it. The facts are that the Minister of Industry and Commerce knew two full years beforehand that the Air Canada Base was going to be removed, and he did nothing. The facts are there and the correspondence has been tabled in this House -- (Interjection) -- That has nothing to do with it my little short friend from Fort Garry.

My honourable friends are not prepared, when the Federal Government is one that is of their stripe, to stand up to it. Well, Madam Speaker, I want to tell you and the members of this House that regardless of the political colours of the government in Ottawa, we in the Liberal Party in Manitoba will not hesitate to place as vigorously as necessary the just claims of Manitobans, and I have no hesitation in saying in this House that I am not always satisfied with the Ottawa policies insofar as Western Canada are concerned. I have said this in many places in Manitoba and I will continue to say it, regardless of what the political stripe of the Ottawa government is. It's too bad that the present government in Manitoba didn't have the courage to do the same in the past, because Manitoba would be a better place to live in now if they had had that courage instead of knuckling under to the previous Conservative Government that was there, and they know it.

But meanwhile, Madam Speaker, the Province of Manitoba has to take advantage of every single federal program that exists. We can't afford to lose out on any federal program. That is why I cannot understand, Madam Speaker, the honourable gentlemen who sit across on the Treasury benches and who are so glib and who are so ready to laugh, I can't understand how these people can sit there when they know that in the past five years they have let go funds that were available from Ottawa for vocational training schools when they know that the record of this government is the worst record in Canada - the worst record in Canada insofar as using federal funds for vocational training, Madam Speaker - in a province that has probably the greatest problems. Certainly that's what their own Economic Board tells them - a desperate need for education; a desperate need for assistance from Ottawa. My honourable friends are crying now for Ottawa to do things for them. The program's been there for five years and they did virtually nothing. In the summer of 1961 they promised a school in The Pas; it isn't built yet. In the election of 1962 they promised a school in Brandon; it isn't built yet. No province, Madam Speaker, has a worse record than the Province of Manitoba in using these federal vocational funds. No province has done as poorly as we have.

We have recommended to this House, Madam Speaker, by resolution, recently, that the Province of Manitoba should be declared a designated area to qualify for further Federal Government industrial assistance. What do we find from the government benches? They oppose it. They oppose a perfectly legitimate request for a change in the Federal Government's plan to include the Province of Manitoba, because the facts are that the Province of Manitoba needs that assistance. What do my honourable friends do? They don't support the resolution, they amend it. Why? Madam Speaker, while using all the Federal Government programs and while urging Ottawa to initiate more regional assistance, the final responsibility for our affairs falls on our own shoulders here in Manitoba. We are the people in the final analysis who are responsible. We've had a government in office for eight years; we now find that they failed in the job.

Madam Speaker, it's not me who is saying this, it is people like the Dominion Bureau of Statistics; it's people like the Canadian Tax Foundation; it is most of all - most of all, Madam Speaker, the Economic Board that my honourable friends themselves have set up. I have not as I say been able to read it in detail, but when I look at a statement like that, Madam Speaker, "Manitoba's growth lags," and when I see snickering Cabinet Ministers across the way when we are discussing something as important as the future of our province, I say that never has Manitoba had a more arrogant government than this one, a government that is unconcerned about people, Madam Speaker, unconcerned - but great concern about election. This government, Madam Speaker, has failed in its responsibility to Manitoba.

Well, here's an interesting statement before I go on to other subjects. I was just talking, Madam Speaker, about the designated area plan. Someone has just handed me the Third Annual Report of the Manitoba Economic Consultative Board, March, 1966, and on Page 5 I see a very

(MR. MOLGAT cont'd.) interesting statement. "We note also the exclusion of Winnipeg and its adjacent area from the industrial development incentive provided by the Federal Area Development Agency. This, we believe, is inconsistent with sound regional development strategy since Winnipeg and the surrounding area account for most of the industrial employment in the Province." In other words, the Economic Consultative Board says that the resolution that we introduced in this House early in this Session should have been passed. Meanwhile, we have the Ministers across the way busy amending it and voting against it. Well, most interesting. I deeply regret, Madam Speaker, that I did not receive this document earlier. I can see that this document clearly outlines the unfortunate position of Manitoba.

Madam Speaker, this government has failed in its responsibilities. The past eight years have not fulfilled the hopes and the ambitions of the people of this province, so, Madam Speaker, I beg to move, seconded by the Honourable Member for Selkirk, that the motion be amended by striking out all of the words after the word "that" in line 1 and substituting the following: This House regrets (1) the failure of this government to give the true facts to the people of Manitoba regarding the financial affairs of their province; (2) the failure of this government during eight years in office to promote adequate economic growth in Manitoba; (3) the failure of this government to take full advantage of the federal assistance programs, particularly in the field of vocational education.

MADAM SPEAKER presented the motion.

MR. CHERNIACK: Madam Speaker, I beg to move, seconded

MR. COWAN: Madam Speaker, may I speak before the Honourable Member adjourns the debate?

MADAM SPEAKER: The Honourable the Member for Winnipeg Centre.

MR. COWAN: Madam Speaker, I have been in this House since 1958 and during that time I can only remember the Liberal Party voting against one expenditure. It was an expenditure of \$25,000 for the Little Colombo Plan. Now there may have been another occasion in these last eight years where they voted against another expenditure but I don't remember it, and so they have voted for every expenditure that makes up our provincial debt, and if we had also voted for the many additional expenditures which they have advocated, our provincial debt would certainly be much higher than it is today. I can remember asking for additional money for schools this year and a new Women's Jail at Portage la Prairie, additional money to be spent on hospitals and so on. The debt of this province would be far more than it is now if we had followed out the Liberal recommendations made to this House in addition to going for the expenditures that they themselves voted for.

I would like to know what is wrong with Table 10 in the Budget Speech, which shows that after deducting the money spent for the debt incurred for self-sustaining investments for electricity, telephones, water supply, Agricultural Credit Corporation, Business Development Fund, Liquor Control Commission, Municipal Works Assistance, and the moneys that are in the Sinking Fund, that the net public debt of the province is \$186,178,000, or on the basis of about a population of one million, about \$186 per capita. That is a long way from the \$691 per capita that the Leader of the Opposition tried to put across this afternoon.

I would like to point out that the Leader of the Opposition said that according to the cost of living index, the cost of living in Manitoba is very high. That is not correct. There's no such thing as a cost of living index issued by the Dominion Bureau of Statistics. There is a Consumer Price Index, which is solely there for the purpose of showing changes in the cost of living. It doesn't compare the cost of living in Manitoba with the cost of living in Ontario or the Maritimes; it simply shows changes that take effect in the cost of living. There is, unfortunately, no index issued by the Dominion Bureau of Statistics or any other organization, so far as I can find, that shows the difference in the cost of living from one province to another. Although wages may be somewhat lower in Manitoba, I am sure that you will find that the cost of living is also lower in Manitoba.

In Table 1 of the Budget Speech it is shown that the taxes, the combined municipal and provincial taxes in Manitoba in 1965, according to the Dominion Bureau of Statistics, were \$209.96, the lowest of all the provinces west of the Maritimes with the exception of Alberta. That is a record of which we can be proud and indicates to us that in that respect the cost, as far as taxes is concerned, the cost of living is lower in Manitoba.

And also, as was pointed out in the Budget Speech, the monthly rates of the Manitoba Telephone System are the lowest or are in the lower range of those of all provinces from Quebec west; and in Manitoba the rate for domestic and farm electricity is the lowest of all the electricity

(MR. COWAN cont'd.) rates west of the Maritimes. We know also we have no sales tax in Manitoba. So although the wages may be somewhat lower than in the rest of Canada, certainly the cost of living is lower in Manitoba.

Then another figure we had told to us this afternoon was the figure with respect to department store sales in February, 1966, as compared with February, 1965. It didn't show a very large increase, but all of us know that last month we had about the coldest winter, the coldest February that we had ever had in Manitoba, or if that isn't quite true, then the second coldest February we ever had, and certainly in that cold weather many many people didn't get out and didn't get down to the department stores. So the fact that sales were lower in February in 1966 is no indication of a slackness in our economy here in Manitoba.

MR. MOLGAT: I wonder if the honourable member would permit a question. Is it not true that insofar as the Consumer Price Index, that we all started off with the same base and that a growth in the index indicated that one area had certainly grown faster than another. Secondly, would he care to comment insofar as he mentioned about our voting record on costs, maybe he'd like to comment on the question of the Pension Plan that was introduced last year by the members across the way. Could he indicate who voted against that Pension Plan - along with himself? He was with us on that occasion for which I commend him highly. What about his colleagues?

MR. COWAN: The consumer price index shows changes in the cost of living. It doesn't reflect on the cost of living in the various provinces; it shows changes that have taken place. As I say, there may have been two cases where the Liberals did vote against the government expenditure, and that is the second. It had slipped my mind for the minute, but that is the second. So that isn't very many times, especially compared to the number of expenditures that you have asked the government to increase.

MADAM SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: Madam Speaker, on a point of order, could we have the charts included in the Hansard that the Honourable Leader of the Opposition had?

MADAM SPEAKER: Agreed?

MR. SHOEMAKER: I would ask my honourable friend if he would permit another question. Can I ask him one now?

MADAM SPEAKER: It is now one minute before 5:30. I do not believe there is time for any Order please! It is now 5:30 and I leave the Chair until 8:00 o'clock.