

THE LEGISLATIVE ASSEMBLY OF MANITOBA

2:30 o'clock Thursday, December 15, 1966

Opening Prayer by Mr. Speaker.

MR. SPEAKER: Presenting Petitions
 Reading and Receiving Petitions
 Presenting Reports by Standing and Special Committees
 Notices of Motion
 Introduction of Bills
 Committee of the Whole House

MR. SPEAKER: leave of the House to have that matter stand?

MR. GILDAS MOLGAT (Leader of the Opposition) (Ste. Rose): Mr. Speaker, before the Orders of the Day, I'd like to direct a question to the First Minister. Yesterday he stated that he would be making a statement today on the matter of the Development Fund and investments in the Province of Manitoba. Is he proposing to make that statement before the Orders of the Day?

HON. DUFF ROBLIN (Premier)(Wolseley): No I'm not, Mr. Speaker, but I expect to make it today.

MR. MOLGAT: Mr. Speaker, I wonder if I could ask a subsequent question then. If the statement is made later, then presumably it will be on the Throne Speech debate. Now the difficulty there is that if my honourable friend follows the practice he has in the past he will end up by being the last speaker and there will be no possibility for anyone else to say anything subsequently, and certainly in my own case I am prevented from speaking on the Throne Speech now. It seems to me that it would be preferable that the statement be made before the Orders of the Day. Wouldn't the First Minister consider that?

MR. ROBLIN: No, Mr. Speaker.

MR. RUSSELL PAULLEY (Leader of the New Democratic Party)(Radisson): Mr. Speaker, before the Orders of the Day, I would like to address a question to the Honourable the Attorney-General. Is he aware that the commissioner appointed by the Province of Alberta to the Royal Commission on the Cost of Living in the prairies has resigned from that position, would he question number one. The second one following that would be, will this cause any material delay in the deliberations or hearings of the commission?

HON. STERLING LYON Q. C. (Attorney-General)(Fort Garry): Mr. Speaker, I wish to thank the honourable member for giving me some prior knowledge of his intention to ask this question. The answer to question number one is yes, we were aware of it, and as a result Mr. Madill was not appointed in the Manitoba Order-in-Council. The answer to question two is no, this will not delay the work of the commission materially. We are advised at this time that the Alberta appointment will be made known to us very very shortly.

MR. JACOB M. FROESE (Rhineland): Mr. Speaker, I would like to ask the First Minister or the government whether they would consider moving the debate of the Throne Speech ahead of second readings of bills today. Yesterday we were deprived from debating the Throne Speech all day and I certainly wouldn't like to see a recurrence of this.

MR. LYON: Mr. Speaker, perhaps I could reply to that question by the honourable member. It was our intention to propose to the House that once we get into the Orders of the Day, we proceed through with the Orders for Return that are on the Order Paper and then we proposed to move to the second reading of Bill No. 5, and after completing that, the second reading of Bill No. 4; then to revert back on the Order Paper to Committee of the Whole House for Third Readings and, with leave, to ask the House to give consideration to giving third reading to Bills No. 7, 5 and 4, and if that were possible to be done, with leave, then to have the bills passed through Committee, given third reading and possibly Royal Assent later on today. That is the suggestion for procedure and of course it would have to be done with leave, and we were hopeful that this could be done without infringing too much upon the time that is left for the Throne Speech debate, which I'm sure all of us wish to return back to.

MR. FROESE: Mr. Speaker, if I may comment on this. I'm afraid if we went for this that we'd be taking up the time -- all this afternoon. I'd be certainly willing to forego after I've made my contribution to the Throne Speech, moving the bills right through to the end. I certainly wouldn't have any objection.

MR. LYON: Mr. Speaker, I know this is not in order except by permission. Perhaps we could have some indication from the Leader of the Opposition and the Leader of the New Democratic Party on this matter.

MR. ELMAN GUTTORMSON (St. George): Mr. Speaker, I'd like to address a question to the Attorney-General. Did the Juvenile and Family Court and/or the Provincial Probation Service prepare a year-end report and submit it to the Attorney-General, and if so, will he be tabling this report?

MR. LYON: I'll have to take that question as notice, Mr. Speaker.

MR. PAULLEY: I may say in reply to the request of the Honourable the Attorney-General as to where we stand in this group with his proposition for the conduct of the House, I see no objection as far as we are concerned to the procedure as outlined by the Attorney-General. I don't know of course if my honourable friends - they speak for themselves.

MR. MOLGAT: Mr. Speaker, I regret that I did not follow the particular debate. A question came up regarding the Votes and Proceedings and I had to check with one of my members, so I didn't follow the question.

MR. LYON: Mr. Speaker, the suggestion was that after dealing with the Orders for Return that we then move immediately to the second reading of Bill No. 5, complete that and move on to the second reading of Bill No. 4, and having concluded that move back to the Committee of the Whole House, Bill No. 7, and proceed with the third readings in committee stage of 7, 5 and 4, third reading, and then hopefully Royal Assent, without taking up too much time in the House and then moving immediately after that into the Throne Speech debate.

MR. MOLGAT: Provided that this proceeds at a reasonable pace and the Throne debate isn't completely choked off, we have no objection.

MR. LEONARD BARKMAN (Carillon): Mr. Speaker, before the Orders of the Day are proceeded with, I would like to ask a question. I'm not sure - the Minister of Agriculture possibly or the Minister of Public Works. In view of the fact that there has been considerable damage done to feed in the Sarto area due to water crossing the provincial highway, has the government any intention of subsidizing these farmers that suffered loss?

MR. ROBLIN: Mr. Chairman, I'm afraid we'll have to take the question as notice.

MR. SPEAKER: The Honourable Member for Burrows.

MR. BEN HANUSCHAK (Burrows): Mr. Speaker, there is a correction in Hansard that I'd like to draw to your attention on Page 189, The Leader of the New Democratic Party is still a man by the name of Mr. Russell Paulley and not a Mr. Russell as is shown there.

MRS. THELMA FORBES (Minister of Urban Development and Municipal Affairs) (Cypress): Mr. Speaker, before the Orders of the Day, I would like to reply to a question from the Honourable Member for Rhineland on December 9, Page 74 in Hansard, in which he asked: "Have any instructions gone out in the course of the last year or two instructing municipalities to group the items on the assessment roll?" There have been no instructions that have gone out to any municipality to group items on the assessment roll or the tax roll.

MR. FROESE: Mr. Speaker, if I may make -- I'd like to put a supplementary question. Have any instructions been made to the assessors making the assessments in this connection?

MRS. FORBES: Mr. Speaker, to my knowledge, no instructions have been made to the assessors.

ORDERS OF THE DAY

MR. SPEAKER: Order for Return. The Honourable Leader of the New Democratic Party.

MR. PAULLEY: Mr. Speaker, I beg to move, seconded by the Honourable Member for St. John's, that an Order of the House do issue for a Return showing:

The amount of revenue received by the Province of Manitoba for the last complete fiscal or calendar year from: A. International Nickel Co. of Canada; B. Hudson Bay Mining and Smelting Co.; respecting (1) Royalties, (2) Mining Tax, (e) Leases, (4) Corporate Income Tax, (5) Provincial Income Tax.

Mr. Speaker presented the motion.

HON. GURNEY EVANS (Provincial Treasurer) (Fort Rouge): Mr. Speaker, we'll be glad to accept this order with the exception of Items 4 and 5, information of which is forbidden under the federal Income Tax Act.

MR. PAULLEY: Mr. Speaker, may I ask my honourable friend the Provincial Treasurer, is it forbidden insofar as that portion which is provincial income tax?

MR. EVANS: Yes.

MR. PAULLEY: Far be it from me to conflict with our friends down at Ottawa, so I'll have to I suppose, Mr. Speaker, accept the order with those reservations, with regret.

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

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. MOLGAT: Mr. Speaker, I beg to move, seconded by the Honourable the Member for Lakeside, that An Order of the House do issue for a Return showing: The following information with regard to the Report entitled "Statements prepared pursuant to section 20 of "The Public Officers Act" as amended by Cap. 56 S.M. 1955, as at 23rd November, 1966", tabled in the House by the Provincial Treasurer on December 6, 1966: (1) The name of the agent who received payment of the insurance premiums listed in the above report; (2) How much was paid to each agent.

Mr. Speaker, I think that in No. (1) the letter "s" should be added to "name" making it "names", the same letter "s" to the word "agent" making it "agents".

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

MR. MOLGAT: Mr. Speaker, I beg to move, seconded by the Honourable Member for Selkirk, that an Order of the House do issue for a Return showing the following information: (1) the names and titles or responsibilities of all executive assistants, special assistants, administrative officers, executive officers, press assistants, press officers, information officers, public relations assistants, public relations officers, attached to or employed by all Ministers, Deputy Ministers, Departments, Boards, Commissions and Agencies of the government; (2) which are part-time and which are full-time; (3) the classification, salary range and present salary of each; (4) the date of appointment of each; (5) the name and title of the person to whom each of the above is attached or responsible; (6) which of the persons in (1) above were appointed as a result of regular Civil Service Examination Boards, (7) if no Civil Service Examination Board was held, what method was used to select the successful candidate; (8) what was the immediate previous employment or occupation of each of the persons in (1) above.

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

MR. LYON: Mr. Speaker, if you would be good enough now to call the adjourned debate on second reading of Bill No. 5.

MR. SPEAKER: The adjourned debate on second reading of Bill No. 5, An Act to Amend The Income Tax Act (Manitoba), 1962. The Honourable Member for Elmwood.

MR. RUSSELL DOERN (Elmwood): Mr. Speaker, yesterday afternoon we were presented with what appeared to be a rather innocuous bill, No. 5, and we were told that all we were doing was ratifying the principle of the bill, so the question in some people's minds might be why didn't we allow this matter to come to a vote yesterday. Were we filibustering or what? Well, first of all, I don't think we were through debating - at least I myself was not through speaking; and secondly, we have not heard a satisfactory explanation of why we should ratify this agreement. I find it difficult to follow the Premier. On the one hand, he seems to maintain that we can't really raise the provincial income tax because of problems in the coming year for example, therefore, we should ratify this agreement. On the other hand he seems to believe that we are simply ratifying a principle now and that we can alter the income tax rate in January if necessary. But I would like to ask is this feasible? If we attempt - if we sign this agreement now, can we really alter the income tax rate, the provincial income tax rate in January or during 1967? Well sure we can, if we want to establish our own income tax collection agency. If we want to establish our own provincial income tax collectors, get some buildings and machinery and duplicate very expensively the machinery that is already set up by the Federal Government. If we are to freeze our income tax rate for 1967 and we require funds from the provincial income tax, then what are we going to do? Well we would have to do some deficit financing, and then when 1968 comes along we could alter the rate of our taxation and we would have to increase the rate not only for 1968 but also to pick up the slack from 1967.

Now I personally, like many Manitobans - or most Manitobans, am expecting a sales tax. We've been psychologically prepared for this. If you ask the average person, he's expecting a sales tax. If you listen to the radio reports, television reports, read editorials and so on, it seems as if we're getting one, and we in the New Democratic Party are opposed to a sales tax. We're not convinced that we have to implement a sales tax in Manitoba. We think there are other areas that we could look into. We feel there are other methods of raising taxation that is required, and it is not the only possible alternative. It's up to the Premier to prove that.

I think the Premier and his Cabinet are afraid of using the word sales tax. I suppose it's not politically desirable to use these words in the Speech from the Throne, but we see a tremendous reluctance on the part of the government to use these words, almost a primitive fear

(MR. DOERN cont'd) of what might happen should they say we are introducing a sales tax, because they know what happened a few years ago when they implemented the alternative to the sales tax. They said we're not giving you a sales tax, we're only giving you a tax on sales, we are going to just simply raise the price on gasoline; we're going to increase the taxation on liquor; we're increasing the price of cigarettes; we're upping the cost of utilities; but we're not giving you a sales tax. Well you can call that what you like, but that's a sales tax to me, and the effect of those measures a few years ago were felt by this government in the 1966 election. If they had held an election shortly after the time they raised those taxes, I think the government would have been defeated. It's only because of their talk of northern development and this industry that they're bring into Manitoba - which I hope benefits us - only by bringing that up and beating the drum there did they prevent their downfall. So if the Premier is prepared to implement a sales tax without explaining his reasons, he had better be prepared for defeat at the polls. In fact maybe he should consider meeting with the four other Premiers of the other provinces who are holding meetings so they can agree on an election date to prevent the New Democratic Party from sending in its organizers and bringing about their downfall.

Of course the thing that really disturbs me at times is that when you talk to the members of the Cabinet - and I speak from very slight experience here so this is really only an impression - but when you talk to men in high office, they tend to say to you that you are rather naive. If you only knew the facts if you only knew the information, if you could only consider the responsibility of office, you wouldn't talk that way. We know; you don't. Well I'm saying to the Premier and to the government, don't give us that hushed voice and that knowing glance about go away because you really don't know the information; I say to him, give us the information, tell us the reasons why you're going to do this explain what you're going to do.

The New Democratic Party has a committee on taxation and we have been exploring alternatives to the sales tax. We have been investigating other areas of raising revenue and we have the ability to comprehend. I don't think that if we look at the members of this House on terms of ability and education and experience, that all of them sit on that side. I think there's quite a few on this side, perhaps more than on the other, and I don't think that the members in the government happen to be rational and the members on this side stupid. I think that if they give us the information and they give us the facts, we can draw a few conclusions too.

We know that a program in education and health services is costly, and we're not overly impressed with some of the programs that government has placed before us, or is going to place before us. We're for better education and we know it will cost money. We think that the government has made some pretty bad mistakes here. They're talking about implementing a medicare plan which is "voluntary" - and we're not too keen on this - but we know that if you are going to increase public services, social services, that this costs money and we are not going to shirk the responsibility of raising taxes in whatever areas necessary to implement such a program. I think that some of the members of this Party are sort of a bit touchy on taxation. I know I am. I don't speak for everybody, but I remember in 1956, ten years ago when I was a university student, I took part in my first political campaign. I've had some experience since that time, but the very first house that I walked into - this has never happened to me since - I knocked on the door and told this man about our wonderful program in the New Democratic Party, and he said to me, "Very interesting, but where are you going to get the money from?" So for half an hour I tried to explain where we'd get the money from, and I probably side-stepped him. I probably didn't know the answer. I probably didn't want to say, or admit that this would cost more money, but I'm willing to admit it now and I think that this Party and this caucus is fully prepared to admit that where we increase services, we have to increase taxes. We're not afraid to admit that, but we want to know why a sales tax.

So I don't think that I'll prolong this. I could make quite a number of additional comments and I had a much longer speech prepared, but I'm going to skip the next section which perhaps consists of, what shall I say, a moderate attack on the government, and perhaps nothing too constructive can be accomplished by that. But I simply sum up by saying to the Premier, it's not good enough to tell the people of Manitoba we're going to do you a favour, we're going to cut your property taxes. They like that, but then to turn around and say that in its place we're giving you a sales tax. You save fifty bucks on your property and we charge another hundred in terms of higher prices, and I can tell you that the people of my constituency aren't going to like that and they didn't like that in the 1966 election. There was a considerable anti-government vote,

(MR. DOERN cont'd) which I'm happy to say I think we picked up, and they were mad about taxes. I think it is up to the Premier of this province to explain rationally and convincingly and logically why we are going to have to resort to certain forms of taxation. In short, will you explain why we have to proceed with this ratification now and will you at least admit that it is not feasible to raise our provincial income tax in January of 1967.

MR. DOUGLAS CAMPBELL (Lakeside): Mr. Speaker, if I could make a contribution to clearing the air in regard to this admittedly complex subject, I would be more than happy to try, because after all, if we're going to spend a lot more time on this bill and others to come, we will have that much less time left for the general discussion that we know must be concluded today, so I shall try and do what I can to clarify the issue.

First and foremost I am sure, Mr. Speaker, if my honourable friend the Attorney-General had tried diligently, that he could have clarified the issue much more than he did for the Honourable Member for St. John's and the Honourable Member for Inkster, because as I understood it, they both asked him the question; "Can we, in the latter part of this session, after we conclude this present sitting and take a recess, can we in the latter part discuss and legislate on the matter of increased income and corporation tax. I understood that to be the question. My honourable friend the Attorney-General, I'm sure, knows the answer. Why he didn't give it I don't know. I think that the Honourable the First Minister had already given the answer to that. I had understood the Honourable the First Minister to say, "Yes, we could. It would be difficult but we still can do it." Why my honourable friend the Attorney-General didn't do it I don't know, because I think it would have clarified the situation then and my honourable friends in the New Democratic Party would have perhaps not have talked as long as they did, which my honourable friend the Attorney-General says he doesn't object to, but it just seemed to me that maybe the tone of his voice looked as though he were objecting a wee bit to what they were saying. Well if he does, then the way to deal with, not only my honourable friends in the NDP but with the House in general, is to give the answer - give the answer - and the answer is yes, we can discuss these matters and we can legislate on them.

Now why it will be difficult, I suppose, as the Honourable the First Minister says, is that we will -- the government will likely go ahead - I mustn't say we in that connection - the government will likely go ahead and submit to Ottawa the form of its income tax amounts and this sort of thing and get them to prepare their material on that basis, and to change it later would mean a change in administration and all this sort of signing and paper work and perhaps the moot question of the what time of the year the new ones would apply and all the rest, but to clarify, the answer is yes; and the further answer is yes, we can discuss it; but my honourable friends of the NDP will be in no different position then to what they are now, because all they can do is discuss it or move abstract resolutions regarding it, because they can not get, I'm sure, a message from His Honour the Lieutenant-governor recommending an increase and consequently they can't move an increase, but they can still talk about it.

So surely that's clear, and I don't think we need to take any further time discussing that, and if my honourable friend the Attorney-General would just have told them so instead of pretending that this was in some devious way tied up to the budget which prevented him from giving that answer of yes, then he'd have been a way ahead. I do believe that my honourable friend, and if my honourable friend the Attorney-General couldn't, then I'm certain that my honourable friend the First Minister and the Provincial Treasurer could have furnished as well the expected amount of revenue and the expected amount of extra revenue that is coming, and I can't see that that would hurt the budget discussion one particle to have given it now, not a particle, and it wouldn't break the budget tradition in any way because we are considering a bill here that deals with this matter and it's only reasonable that we should have been given all the information that we could. However, if the treasury benches do not want to divulge that information, I would think that they are not helping their own case, but as far as I am concerned, having stated my position I'd be quite willing to wait until budget time and it can be further discussed then. In the meantime, I must agree with the treasury benches that it is necessary to get the Bill passed by the 31st of December and I must agree also - and my honourable friend who spoke a moment ago said that the government hasn't told you why - well really I think they have told us why. The fact is that if you don't get it passed the agreement ends, and the agreement must be renewed if you are going to have an agreement. It's just as simple as that, so I think we have to get it passed.

Then I am inclined also to agree with the government that so far as this particular item of business before the House is concerned, they couldn't have summoned the House a great deal earlier. They could perhaps have beaten it by a week or two weeks or maybe a little more, but

(MR. CAMPBELL cont'd) they couldn't have had it before the discussions were concluded in Ottawa and those discussions do not depend just upon this government, and so I absolve them from any major blame in that regard.

Incidentally, Mr. Speaker, when honourable members of the opposition have been emphasizing the fact that the Honourable the First Minister promised to hold a fall session in 1966, the real intention, as I read the papers at that time - I didn't have the pleasure of hearing my honourable friend on the hustings at any time - but the information that I gleaned from the newspapers was that the main object of that session was going to be a tax reduction session. That was going to be a session that was going to be held to take off the tax on farmers' gasoline. There was urgency about that just before June 23rd and my honourable friend was going to deal with it promptly - expeditiously. But some place after June 23rd my honourable friend's enthusiasm abated somewhat - that's a good term to use when we are discussing income tax matters - it abated. As a matter of fact --(Interjection)-- Pardon?

MR. EVANS: Did you said baited or abated?

MR. CAMPBELL: Abated - and I'm afraid my honourable friend the First Minister was rather baiting the electorate though and then the enthusiasm abated later on. In fact it dissolved completely. Another matter that was going to be dealt with at that session was the reduction in tax on real estate. I don't see anything about it in any of the bills that have been up yet, but that's another matter that will probably be dealt with.

Now, Mr. Speaker, hoping that I have contributed at least something to clarifying this matter and recognizing that I think that the government is correct in saying that it's in the public interest that this bill should be passed before December 31st - that gives us quite a bit of time yet of course if we want to talk about - and I would recommend that it should be passed. I don't say that the whole arrangement that has been made is perfect and I'm not going to try to review the various negotiations that have been held in the federal-provincial financial conferences. I had the pleasure of being one in the early days - a very minor one - for a fairly extensive period, one of the major ones representative of the Province of Manitoba at these federal-provincial fiscal conferences right from 1941 to 1957 and I - when my honourable friend who spoke just before me said that he didn't think that all the smart people were on that side of the House and all the stupid ones on this side - I want to say to him that I fear that when it comes to a complete understanding of the federal-provincial fiscal matters, the income tax legislation, corporation taxation in general and some others of these matters, that I am afraid that I do belong in the latter category. I find them very difficult to understand and still more difficult to explain, so I'm not going to try and go into a lengthy dissertation upon them.

But I do want to object, Mr. Speaker, I do want to object in the most definite terms, but yet I hope with temperate language because I think we make a mistake in the House if we indulge in other than temperate language, I want to voice my disapproval of the method in which the government of the province has chosen to put into the mouth of His Honour the Lieutenant-Governor the statement in the Speech from the Throne regarding this matter. I have said at other times and I repeat, just as I think it is a mistake for any of us to become intemperate in our language in the House, I think it is even more of a mistake for a government, a government speaking as a government of Her Majesty, to put into the mouth of her representative who comes to address us at the opening of the Legislative Assembly, language such as appeared on Page 9 of the Votes and Proceedings that recorded this Speech from the Throne. I want to read some of this. "My Ministers inform me that the failure" - failure - "to resolve federal-provincial fiscal relations at the recent federal-provincial plenary conference in Ottawa in a manner better suited to the national needs has placed the public finances of this province, as indeed of others as well, under heavy and serious strain."

Mr. Speaker, I am well aware - I have been in political matters for some time and I am well aware of a desire of a government to try and shift the blame for increases of taxes that it feels it is facing upon someone else rather than upon itself, and I make the statement definitely that I have no doubt in the world that what my honourable friends are trying to do by that statement is prepare the public for the time when they feel that they must impose a sales tax or increase other taxes or find other new sources of taxes, that they are going to say we were forced into this by the government at Ottawa.

Well, I'm not here to defend the government at Ottawa. They can look after their own affairs and they have done - this present government have done some things which I disapprove of. I'm not tied to their chariot wheel in any way whatever, but I think that if the taxpayers of Manitoba will take a good hard look at any attempt that this government makes to try and blame

(MR. CAMPBELL cont'd) Ottawa or any other circumstances except their own making for the increases in taxes that are forecast in the Speech from the Throne, but whether this is true or not - and there can of course be differences of opinion on this subject - whether this is true or not, whether my honourable friends think, regardless of what they think of the arrangements that were made with them in this federal-provincial conference, I repeat that language such as this should never find its way into His Honour's speech at the opening of the Legislative Assembly.

I suggest to my honourable friends that they look back to the Speech from the Throne in the first session of 1958 and find out if we indulged in recriminations of this kind because of the treatment that we had received in 1957. I'm not going to - I'm not going to re-debate all of these matters - I don't think there is any benefit in doing so, but I remember my Honourable friend the First Minister suggesting to us in this House, after he had been down to a conference in 1961 or 1962 and was putting through some - I suppose the present agreement - and when some of us on this side of the House were mildly critical of what had been done, the Honourable the First Minister said, and I'm not attempting to quote him verbatim, but he said to this effect: I suppose that nothing that the government at Ottawa would have done would have appealed to my honourable friends in the opposition. He was suggesting at that time that we couldn't approve of anything that the Diefenbaker government did. Well I ask him today, is it the same type of thing that he was ascribing to us at that time that he now is venting upon the Federal Government? I do not blame my honourable friend, or any member of his administration from disagreeing with the terms of the arrangements that he says have been forced upon them, and to an extent they are forced - to an extent they are - because I suggest to you, Mr. Speaker, that Manitoba can not afford - it can not afford to go back to the system that we had prior to the implementation of these agreements and go back into collecting its own taxes and dispensing with the other benefits that we have under this scheme.

My honourable friends have a perfect right to disagree with it. I do not think that they have the right to believe that they are the arbiter of national justice, to say that "in a manner better suited to the national needs." My honourable friends sit here in Manitoba, one of the smaller provinces of the country of Canada, and declare to all other nine provinces and to the Government of Canada what are the national needs. We are getting pretty big in this province, Mr. Speaker. The national needs may not correspond with Manitoba's view in this particular matter. I don't say that Ottawa is right. As I read the papers - and again I have only the outside information and I must confess, Mr. Speaker, that in the last eight years I have not tried as hard as I did in the ten years preceding that to understand these complicated arrangements - but as I read the account of that meeting I gathered that a majority of the provinces agreed with these terms - a majority of the provinces - and I gathered that some of them were very well satisfied, and I suppose that it can be taken for granted that the national government agreed with it, and if we have the national government and a majority of the provinces agreeing with it, why should we attempt to say here that the national interest has been ill served.

I'm most concerned about this, Mr. Speaker, because I think it's an absolutely wrong approach. I think it would have been a wrong approach if we had taken the position that my honourable friend tried to ascribe to us when Mr. Diefenbaker was in office, and we didn't. I think it's the wrong approach for my honourable friend now to try and develop, through criticism of the Federal Government, who goodness knows are not above criticism and who certainly have made mistakes in my opinion, but to try and use that argument for absolving the Province of Manitoba of all blame in the financial situation that we find ourselves in, I think will not commend itself to the people of this province.

Mr. Speaker, I am not going to indulge in recriminations about what happened in the old days, but I just record the fact that in 1957 when we went down to Ottawa after Mr. Diefenbaker was in office, the provincial delegates there simply made their presentations and spent the two days that were allotted to them and the government of that day said to them that they had no proposals to put in front of them - no proposals. They had called the provincial people in simply to hear what they had to say.

I also recall, Mr. Speaker, if I read the reports of the proceedings properly, that my honourable friend the First Minister on some occasions advocated at the federal-provincial conferences that have been held - I believe even before the advent of the present government and since it - the very type of equalization formula that is proposed now. My honourable friend doesn't appear to accept that statement and he'll have an opportunity of making --(Interjection)-- Well, we'll have an opportunity to debate that at much greater length later on, Mr. Speaker.

(MR. CAMPBELL cont'd) But I want to once again reiterate the fact that I think this is the wrong atmosphere in which to discuss these matters. I think this question was bound to get away to a bad start by the statement that was put into the Speech from the Throne. I think that inasmuch as we try to have and should try to ensure co-operation between the various provinces of Canada, and to the extent possible between those provinces and the Federal Government, that we - to paraphrase the Speech from the Throne - we injure the public interest if we use terms of this kind in describing situations such as we find ourselves in.

So Mr. Speaker, having said all of this, I still say that I would feel that no useful purpose is served by delaying action so far as this particular bill is concerned. In my opinion, it is necessary in the public interest that it should be passed before December 31st. If honourable members wish to take right up until that time, of course it's their privilege to do so, but I want to say with all the authority that I can summon, that I am positive from my honourable friends' sake that it does not foreclose their right to discuss this matter on subsequent occasions to make all the suggestions that they want, even to move abstract resolutions, but it certainly does of course prevent them from putting in a bill or putting in a substantive motion and that's exactly the position that they're in now anyway, even without this bill.

MR. LAURENT DESJARDINS (St. Boniface): Mr. Speaker, I don't wish to be too long on this but nevertheless there's a few things that I would like to say - a few words that I'd like to say. I would like to bring to your attention, Mr. Speaker, because you were not here in 1962 as well as quite a few of the new members, what a difference a change in Ottawa makes to this government. Members of the NDP at least feel that this bill is bad. I wish that they had been here in 1962. In 1962 when we had this original agreement, the government would not give us a chance to vote just on the agreement alone, but if I remember right, coupled this with a reduction in hospital premiums. The same bill ratified this agreement with Ottawa, with the Diefenbaker government at the time, and then we were told that this was a hospital tax - this income tax was a hospital tax and that in this way we could reduce the premiums.

I remember at the time the same First Minister who a few days ago told us to have a little confidence in him and give him the benefit of the doubt when he had anything to say, I remember that shortly after this, because we did not agree that this was a good agreement -- and by the way, Mr. Speaker, the agreement of 1962 was way worse than this one for the Province of Manitoba - but in 1962 the government was trying to place us in a strait jacket again, as was mentioned yesterday, and they would not give us a chance to even discuss this bill because this bill was coupled with Clause (2) reducing the hospital premiums, and if we were against the bill we were against the reduction in premiums. I remember very well during the 1962 campaign before the election that the First Minister, on a television program, said who was against the reduction in hospital premiums but Mr. Molgat, Campbell and the rest of the Liberals.

MR. SPEAKER: If I may interrupt for a moment. I wonder if the House would kindly give attention to the honourable member that has the floor. I believe there's far too much private conversations going on. The Honourable Member for St. Boniface.

MR. DESJARDINS: As I was saying, the First Minister stood in front of all the people of Manitoba on the television program and said, "Who was against the reduction of hospital premiums but Messrs. Molgat, Campbell and the rest of the Liberals." Those were his exact words and he knew that this wasn't true. He knew this wasn't true and he said the same thing at the time in 1962, that we had to have this motion. He wanted us to vote for it, and at the time though he felt that it was a good thing and he coupled this - we couldn't see it at the time and we protested at the time - then the Attorney-General at the time also got up and tried to turn the table against us, tried to tell us that we were voting against the reduction in premiums.

Now there's a different government in Ottawa so it doesn't matter if the people say what they think of this agreement. I think that maybe he felt that he was embarrassing the members of this Party, but the last speaker certainly set him straight on that. We are elected to represent the people of Manitoba and if we don't like certain things that are done in Ottawa we're not afraid to say so. We feel that we could have had a better agreement. We don't know all the details the same as the First Minister does, but we also feel that this is a much better agreement than the one that we had in 1962. We are ready to vote on this, but, Mr. Speaker, and I want to say this now because I wasn't too impressed by the sermon of the First Minister a few days ago telling us to give him a chance and that they were candid, because I don't believe that they are. I believe that, especially outside this House, the First Minister has tried many times to misrepresent things. There was a time in 1962, purposely he stood up in front of an

(MR. DESJARDINS cont'd) . . . audience in Manitoba and he said - because we had talked against this agreement - we never mentioned anything against reduction of the premiums -- the Attorney-General also got up and said the members of the Liberal Party were against the reduction of premiums for the hospital. This is wrong.

Now this time I suppose they will arrange this to suit them again. We've got this bill. It's all right if Ottawa is criticized; they know that most of the members of this House are not pleased with this bill but maybe we should look into this. They say also in the Throne Speech that we'll be asked to find some money for the hospitals. I don't see this in this bill. I don't see in this bill that we will have another income tax, more income tax to pay for this hospital, so are they going to give us a chance? They say in the Throne Speech, "You will be asked to find money for the hospitals." We're not told this. It wouldn't be popular because they'd have to say Now, "ratify this". Of course they'd like us to complain about this bill, not like they did in 1962, but they couldn't say: But with this money that we're getting from Ottawa, from the great Diefenbaker, we will reduce your hospital premiums. Now they're not saying this because they'd have to say, "Well, although we're getting this money from Ottawa we still want more money; we'll have a sales tax for the hospital." The government think they're pretty tricky in these things and I think we should bring this out now. What are they going to do next election? What are they going to do next election? They'll say that everybody's in favour of a sales tax after this bill is passed because we'll need more money.

I think, Mr. Speaker, I think that I agree with much that has been said by members of the NDP Party yesterday. I think the government should come out and give us this information. This is a government - mind you I haven't been fortunate enough to sit in the Legislature of any province except with this government - but I don't think from what I read, I don't think there's any other government that will not give information as much as this government here, who will try to force people to vote in the way that they want us to vote or try to embarrass us by combining two things, and I think that we should remember this. I have no doubt that this bill will pass, but I think we should remember this in the budget when we talk about the hospitals. The First Minister at the time was saying, and even in the following session, said that this was the best tax because finally Ottawa was giving Manitoba a chance to have a tax with ability to pay, and this is what they felt at the time, that we would reduce the premiums and that we would use this income tax for this.

So the main thing I want to say is that in 1962 this bill was coupled with something else, and now this year they're not saying the same thing, this is no longer a hospital tax, and when this is passed we'll probably be asked -- I think it's a kind of a -- well, I was going to say it's kind of ridiculous when it was suggested in the Throne Speech that you will be asked to find money for the hospitals because I think we'll be told that we'll need a sales tax here in Manitoba just because they don't want the hospital premiums to go up higher.

MR. EVANS: Mr. Speaker, if there are no other gentlemen wishing to address the House, I'll be closing the debate.

I propose to confine my remarks to the bill itself. I have no objection to the wider implications that have been given nor to the debate that's been taken, but I think I will confine myself to the bill and its principle.

Before I start I would like to make an off-hand comment and to welcome the contribution to the debate in this House by the Honourable Member for Lakeside, who is perhaps one of the most experienced parliamentarians in Canada, and to draw attention to what I think is a very important fact, and that is that the business of government by whatever party can not be conducted unless there is some mutual regard across the House; unless there is a very strong sense of responsibility on the part of the Opposition. Unless they realize that they too have to take into consideration the practical difficulties in which the administration may from time to time find itself - particularly those difficulties which are not of their own making - and I would counsel certain honourable gentlemen who have spoken in this debate that it would be well to learn as much about the history and tradition and the spirit in which a parliament must be conducted before entering upon too extreme positions in any particular debate.

Members of the opposition I think have asked questions under three headings and I'll do my best to provide the information that has been called for. As I summarize the debate to date as it bears directly on the bill, I think they asked how much are these new rates worth to us; have we lost the power either to debate or to control our taxes; and why not present the budget at this particular point. That is at least my conclusion of the main points raised by the honourable gentlemen opposite during the discussion.

(MR. EVANS cont'd)

I hope that it will be generally recognized that the Provincial Treasurer is placed in a very awkward position in presenting this bill to the House and I'm sure that will be recognized by those who have some experience of legislature or parliamentary matters. I have been forced indeed to lift the corner of one of the pages of the budget, at least to reveal one item which by tradition and custom at least I am forbidden to reveal, and that is anything to do with the budget before it is presented at the proper time as a complete budget. Nevertheless, the requirements of the collection agreement call upon me to name the rates at which we will ask Ottawa to collect all or a portion of the income tax for the present year. I have no alternative; there is no other course open to me and it is not for -- I'm sorry, I didn't catch the question.

MR. PAULLEY: I say, Mr. Speaker, that is not what the Premier said yesterday. He said there were other courses.

MR. EVANS: It may well be, I don't recall the reference that you have to the Premier's address. I'm presenting my point of view and I ask the honourable gentlemen to consider it. But it is not the final and complete presentation of the matter with respect to our taxes nor is it necessarily, nor can I indicate whether it is the complete disclosure of what may be done with respect to income tax and corporate income tax in the budget, but what it does do is to say how much we are going to ask Ottawa to collect for us out of the individual income tax and the corporate income tax, and I reveal that reluctantly and only because I am forced to, because it does violate a parliamentary tradition which is very strong.

MR. SIDNEY GREEN (Inkster): Would the Honourable Minister permit a question?

MR. EVANS: I think not at this stage. I indicated that every other Legislature in Canada has been required to pass a bill, if not in identical terms then certainly with the same provisions. The Province of Saskatchewan called a special session which I understand dealt with this matter and that was the only matter before it. They had to call their Legislature in order to deal with it.

Manitoba could alter its rates in the budget yet to be announced - reference has been made to this - that rates could be enacted -- I see the honourable gentleman from Elmwood is shaking his head, out of his superior knowledge of how government finance is conducted. He will have ample opportunity to explain his point of view to the House later. I think perhaps I was referring to him when I suggested that he might wish to become quite familiar with parliamentary practice and rules and procedures before he pontificates on the subject. It would be entirely possible and practical to instruct Ottawa to change the rates of collection in the last three months of our fiscal year, namely January, February and March of 1968. It would be entirely possible to institute our own collection system with respect to income tax and corporation income tax. Those matters could be done. My honourable friend indicates that there would be considerable difficulty - perfectly true; there would be additional expense - perfectly true; but certainly those things are possible.

There is the theoretical possibility, and only the theoretical possibility in my view of abandoning the agreement and say we won't play. I think it's not a practical course to follow nor one that should be discussed very long. Shared taxes, ever since the days of the Raoul-Sirois Commission, have been the cornerstone of public finance in Canada. It has been the base on which certainly provincial revenues have stood and has very wide implications I think at least for the unity of Canada, which is a pretty important matter, because this matter can be entered into a little more in detail I think when we come to the budget address. I don't see how it would be possible to have equality of social conditions across Canada without some form of Federal-Provincial Tax Agreements so that wealth which arises in one area and which may be taxed in another, can indeed return to nourish the people who helped to create the wealth or who did in fact create it.

But it's also a cornerstone of another thing, and that is those who have lent money to the province or to the agencies of the province who rest upon our credit, have had the knowledge of these tax-sharing agreements in the backs of their minds and have taken that into consideration when they considered the credit worthiness of this or any other province and the rate which they would then be justified in charging for the loan of money. So it is a very basic and fundamental matter that we are dealing with and I think totally removes the possibility of abandoning the agreement. I'm dealing with the point that we are forced to bring in this bill. I shall deal in a moment with the fact that we are forced to bring it in at this time.

There is another matter which should be considered and that is Manitoba has the power only to tax its own citizens and a corporation is a person. I don't see how an effective and clear

(MR. EVANS cont'd) system of corporation income tax could be established in Manitoba to be able to tax the revenue arising in a given province if they haven't the power to impose the taxation on the corporation itself. Now I do know that there are agreements that are possible and some that are in existence, that the wealth that is created, or the revenue that is created within a given province will be estimated and be made available for taxation certainly in the federal hands, and if the worst came to the worst it might be possible to make individual arrangements province by province to have access to the revenue which arises in a given province or the profits that are created in a given province. It would be a massive operation and one that I think is not possible of accomplishment and which would lead to something that is generally referred to as a tax jungle. Complicated as it is now, I can only view with horror the possibility of trying to operate on a system of that kind. I think I am inviting my honourable friends to consider some of the fundamental factors of the situation and some of the difficulties with which a Provincial Treasurer is faced at this time.

Now there has been discussion which would lead one to think that there has been some wish on the part of myself or the government to allow this matter to be brought into the House disguised under such terms as called an "innocent resolution." I think the implication of that is unfair, because I did take the trouble on the introduction of the so-called innocent resolution - which also I remind my honourable friend is a pretty traditional practice and one that they might wish to become acquainted with before they criticize it too strongly - but I did take the trouble to indicate that the measure was made necessary because the powers to enter into a tax collection agreement with Ottawa had expired or would expire on December 31st. I did reveal and explain the make-up in detail, the taxation rates which we were asking Ottawa to collect for us during the taxation year in question, and I think the inference that under the guise of the wording of the resolution that we tried to be secretive or to either misrepresent or suppress any information is not fair, and I invite my honourable friends to approach the discussion of this kind in a slightly different attitude, having regard to the fact that we must ask for and hope to obtain some measure of mutual regard across the House and I must ask that when we make statements that they be given serious consideration. If they can't be proved false, surely they must be allowed to stand on their own feet and not be placed under any cloud of inference as the debate proceeds.

There will be no foreclosure, to use another term, of discussion of what is properly called the budget. If any such point of order were raised, the honourable gentlemen have my undertaking at least to oppose any such ruling. To give my opinion, it would not be proper and certainly in my opinion would not be desirable.--(Interjection)-- Well, I'm sure it won't because this is one of the great traditional occasions in any parliament, when a very broad range of considerations can be brought in and the fullest discussion should take place, and the very fullest discussion will have my support, and insofar as I am able to offer information or views or discussion that would help to clarify any matter at all coming within the budget, I will do my best to do so. It is only by a balanced consideration of all of the items of revenue and all of the necessities for expenditure that we can see where we stand. This has been referred to on a number of occasions as a complex matter and my honourable friends across have introduced the subject of a sales tax. Well, if such a thing were to come forward, surely it must be considered in its relation to (a) the necessity for it or any new tax, or any altered tax must be considered in the relationship of the necessity for it.

Now what's the necessity for any kind of a tax? It's the expenditures which are called for and which can be criticized and which can be discussed, and so we have to find out how much we are going to spend and we have to look around for what in the judgment of the administration - and it is our responsibility, nobody else's - it is our responsibility to propose how the money is to be spent. My honourable friend from Lakeside has pointed out - and I'm not sure whether my honourable friend from Elmwood was in his seat when he said so - it is not within the power of the opposition to propose a tax - Another tradition and background of parliament which is worthy of some consideration. So it is our responsibility which we propose to take up.

I tried to describe the bill quite fully. I said that it was necessary to continue the collection agreements; it was necessary to continue the authority to tax since the present authority expires on December 31st, and agreements for all provinces have been drafted in the same way. The rates were declared and explained and the necessity for having the bill in order to have the collection agreement with Ottawa in force was also explained. I have said that admittedly it anticipates one aspect of the budget, but that aspect is confined to the amount of income and corporation income tax to be collected by Ottawa and there is the possibility of altering those conditions.

(MR. EVANS cont'd)

As to the timing and the possibilities of introducing either a mini budget or the main budget in time for consideration, I would like to discuss in some detail, give you some information as to why I think it couldn't have been done. It could not have been done before we found what the federal-provincial fiscal arrangements were to be. We had up to that point no idea as to what money we were going to get through the federal-provincial fiscal conference. That conference was held, the last session of it, from October 24th until the 26th.

Now I point out, without undue criticism at this point, that the first indication that I had of the proposals that were to be laid before that conference was when I arrived at the hotel at Ottawa at 11:00 on Sunday night and was presented with a message paper with the federal proposals to be discussed at 10:00 the following morning, whereupon with such staff as I had, I opened up all the long distance telephone lines that I could get hold of between the hotel in Ottawa and the department here and such people as we could get at night, and starting at 7:00 the following morning in both the Department of Education and in my own department, began to see if we could measure by long distance telephone the possible implications to us, because it is an extremely complex matter. It's so complex indeed that the federal authorities have been sending teams ever since that conference across the country to try to explain it to us. Discussions in Manitoba continued until yesterday and we are not yet entirely sure as to what these things mean. We still do not have all the details from Ottawa, even sufficient detail for me to estimate for a budget to be presented next year with any degree of reliability, and I make that as a statement of fact which I ask my honourable friends to accept. The federal officials are still travelling the country to try to establish rules under which the education load can be shared which will be applicable to all provinces, and naturally it has to be offered to all provinces on the same terms.

I shan't deal in detail with the massive amount of work that is involved in creating a budget. It is work for literally months, not just weeks but months in each year, not only by the staff of the Treasury Department but by quite a fair proportion of the staff of each department, ten or twelve departments, each endeavouring first of all to find out how much they would like to have - and my honourable friend from Lakeside will remember this process so well - and continuous re-discussion and re-discussion until the figures of the programs that they would like to institute in each case are indeed compressed within the mold that can be accommodated by the amount of money available. It's a massive amount of work and could not have been accomplished in any case in the period between the 26th of October or whatever time we got home from Ottawa and the present date.

But I would remind my honourable friends too of another rule in the House which they will find in their rule book, and that is that no budget can be presented in a session until the debate on the Speech from the Throne has been concluded. So my honourable friends will be able to find that in their rule book and become familiar with it.

My honourable friend the Leader of the Opposition asked how much money will these new rates yield, and I said I was not able to provide it. I repeat that I'm not able to provide it even for myself at this stage because I still haven't got the information upon which I can make a reliable estimate for my next year's budget upon the basis of the figures which will apply next year, because while the rates are known, we still haven't got the calculations made or the information provided to us on which we can calculate it on the conditions which are anticipated for next year. That is one of the reasons that I can't supply the answer to the question he asked in the terms that he asked it. I think it is quite reasonable that he should have a very general estimate and so I took the figures of last year and changed the percentages, and where 29% of the personal income tax last year raised \$41 million, the 33% this year will raise 46.7 million dollars, using last year's basis of income, or the share of the taxes and raising it by the 4%. In the case of corporations, the rate last year of 10% raised, or was estimated to raise some \$21 million. I have to remind my honourable friend that these again are estimates which were made at the first of last year because the current year is not yet complete, so I'm not able to give a more definitive figure of what it was actual. But the estimate last year was \$21 million at 10% and the estimate for next year on the same base would be \$23 million, and so the total increase of revenue there was 5.7 in the first case, 2 million in the second case, or a total of 7.7

If I have covered the main topics raised by my honourable friends opposite, I would simply like to conclude by saying the bill is necessary, an absolute basic necessity for us to carry on the kind of fiscal arrangements upon which our provincial finances rest. There will

(MR. EVANS cont'd) be the fullest opportunity for debate. I think my honourable friends' ability to say whatever they like to say and exert as much influence as they would like to exert upon the tax proposals still remains. Certainly there will be no attitude on my part to try to curtail either -- certainly to curtail the debates or to have any resolution or any matter of that kind, and I would not think that Mr. Speaker would think it proper to rule that because this matter has been debated very widely here that it should not be debated again on the budget although that is a possibility, and I would not bespeak Mr. Speaker's ruling. But certainly I would, if I had an opportunity to speak on a point of order, I would indicate my opposition to that course.

The budget will be presented in the normal way and will have the full usual disclosure of all the matters that go in to make a budget, which is a very complicated affair. With various puts and takes that have been put in in our fiscal arrangements with Ottawa, it is indeed a complex matter and I think one item, certainly such as the income tax at the present time, can't be considered in isolation, neither could any other tax that is either proposed or proposed to be raised. And so I commend to the House the present bill as being necessary at the present time.

MR. GREEN: Mr. Speaker, I just wonder whether the Minister would permit a question. I regret that I'm speaking from memory, but I believe the Minister was quoted in the newspaper as saying that it would be physically impossible to raise the income tax rates for the year 1967. Would that be a misquote or is that still your position.

MR. EVANS: It's contrary to my view. I can only assume that it was a misquotation or a misunderstanding.

MR. PAULLEY: Mr. Speaker, might I address a question to my honourable friend. I thank him for his admonitions to my group; we've listened to some of them. I wonder if my honourable friend, Mr. Speaker, could answer the following question. In view of the lack of full information from Ottawa regarding the rates and the financial arrangements between Ottawa and Manitoba, was any effort made to delay the time limit of December 31st in connection with the agreement?

MR. EVANS: No effort was made to delay the timing because it really has no effect. I expect to have adequate information in time to make my estimates for my budget address.

MR. PAULLEY: I apologize to my honourable friend. I understood him when he was speaking that he's finding it most difficult even to compile the contents of his budget address. Am I misunderstanding what you said? Certainly I'll read it tomorrow in Hansard.

MR. EVANS: But it is most difficult on the information to hand at the moment. I'm satisfied that I will have adequate information by the time I must put the figure in the budget address and the final figures.

MR. PAULLEY: Then the answer to my question then is an irrevocable "no" - no effort was made to postpone the limit of the time agreement which would be possible with the co-operation of Ottawa in the face of the lack of information.

MR. EVANS: Discussion was held at the federal-provincial conference on the continuation of the present agreement for another year in view of what we thought was an unsatisfactory arrangement. My honourable friend has asked me to think back over quite a long and complex discussion at the conference. I'm certain we put forward the point of view that it was unsatisfactory to have to face this December 31st deadline and I certainly received the impression that there was no possibility of postponing the date.

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

MR. PAULLEY: Yeas and nays please, Mr. Speaker.

MR. SPEAKER: Call in the members.

A standing vote was taken, the result being as follows:

YEAS: Messrs. Baizley, Barkman, Beard, Bjornson, Campbell, Carroll, Clement, Cowan, Craik, Dawson, Desjardins, Dow, Einarson, Enns, Evans, Guttormson, Hamilton, Jeannotte, Johnson, Johnston, Klym, Lissaman, Lyon, McGregor, McKellar, McKenzie, McLean, Masniuk, Molgat, Patrick, Roblin, Shoemaker, Spivak, Stanes, Steen, Tanchak, Vielfaure, Watt, Weir, Witney, and Mesdames Forbes and Morrison.

NAYS: Messrs. Cherniack, Doern, Fox, Froese, Green, Hanuschak, Harris, Kawchuk, Miller, Paulley, Petursson and Uskiw.

MR. CLERK: Yeas, 42; Nays, 12.

MR. SPEAKER: I declare the motion carried.

MR. LYON: Mr. Speaker, if you would now be good enough to call second reading of Bill No. 4, An Act to Amend The Public Schools Act (1).

MR. JOHNSON presented Bill No. 4, An Act to Amend The Public Schools Act (1), for second reading.

MR. SPEAKER presented the motion.

MR. JOHNSON: Mr. Speaker, probably a brief statement to amplify -- I think we've had an adequate debate on this at the resolution stage, but just to remind the House this is permissive legislation which allows the Minister to proceed with the referendum on March 10th. It amends those sections of Bill 16 and sections of the Act passed at the last session and are necessary amendments in order that the regulations may be spelled out as to the manner in which the vote will be conducted both on the referendum and the election of the new trustees.

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

MR. FROESE: Mr. Speaker, it seems as though no one else wishes to take part in the debate on the bill before us, probably because the other parties are more or less in unison on their willingness to sell a Conservative government program, namely, the one district divisions across Manitoba. I asked certain questions of the Minister on a previous occasion. One was pertaining to the expenses in connection with this bill. I realize that this power is given to the Minister under regulations to provide for this and to make the payments. However, I still have not received an answer whether this applies to both those that are pro or con, so I think if we are going to pay one group, we should also provide for the other group.

I don't agree in principle with having our civil servants, having our government staff go out and have to sell a program which is not in accord with all members of this House. I think we are going one step too far.

Then secondly, I am not in accord with the inducement grants that will be provided under this legislation. I think if we are going to accept such a change that the change should be brought about and voted on on its own merits and not necessarily hanging some carrots before the people and ask them to vote a certain way.

As already pointed out, this will entail enormous expense if the change is being brought about. We know already through the assessment that is presently taking place, the new assessment on rural municipalities in Manitoba, that they will be asked to carry a very large increased load of the costs. The Municipalities in my particular riding will have increased assessments amounting to somewhere around 85 to 90%. Now the cities and towns and some of the villages don't necessarily have this increase, so that we are placing a very large burden -- a very large increased burden on the taxpayers of the rural municipalities, and by bringing about this new system this will be enlarged to a very large degree, a very great degree, so that these taxpayers in the rural municipalities will be very hard hit.

Then another point that I would like to make -- I touched on it on a previous occasion but didn't dwell on it at length, and that is the matter of the Interlake area. Through Bill 16 last year these people are now prohibited from voting on this issue. This was to be a pilot project but nothing has been done, and why not give them the right to vote on it now? Certainly if something appreciable had been done and carried out in this particular area, I think it would probably have some merit, but since nothing has been done I think these people are entitled to their democratic right to vote on an issue of this kind.

We have discussed the matter of change of policy and whether or not the government has a change of policy as to centralization. I'm still in doubt because like the other day when we discussed the House rules, a year ago we were told this was for one year. Now when we come to the House, the First Minister says it cannot be changed except by a substantive motion. I realize this but I think the same thing holds true for this change in policy. All the government does now is that they will be placing the onus on the division boards instead of carrying out decentralization themselves. So that's the only change that we have and I certainly do not go along with it and I don't intend to support the bill on second reading.

MR. GORDON W. BEARD (Churchill): Would the honourable member permit a question?

MR. FROESE: If I can answer it.

MR. BEARD: With the operation as it now stands in the educational system, would he agree that there's ever-increasing costs in education as it stands now?

MR. FROESE: Naturally there will be increasing costs of education because we're educating more youngsters and more pupils.

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

MR. GUTTORMSON: Mr. Speaker, the Minister of Education advised us last year that he had met with the trustees of the Interlake area to discuss the matter of consolidation and he got a consensus of opinion that those trustees were in favour of consolidation and it's the opinion of those who attended the meetings, according to the Minister, that this would be a good thing for education in the Interlake area. The Minister has stressed in no uncertain terms his own opinion of this plan, that it would be good for all the province to have consolidation; it would improve the education for all boys and girls throughout the province.

The question that's been thrown at me and I'd like the Minister to answer it when he closes the debate: they wonder why they were not allowed to vote on this issue. They say that if the Minister feels that this consolidation is a good plan, why is it being put into the Interlake without a vote and the rest of the province with a vote. They feel that they are being classed differently than the rest of the province. They feel that if the Minister believes that this plan is as good as he says it is, and that he feels the people of the Interlake should have it, then they ask me why isn't the plan put on throughout the rest of the province without a vote and they would all be treated in a like manner. It seems that there's considerable opinion amongst the people that they're being treated as second class citizens on the basis of their being deprived of a vote.

Now the Minister can say - and I think rightly - that the school trustees have indicated that they think this is a good plan. But the people have asked - and they're not necessarily opposing the plan. They just say why are we not given an opportunity to vote? The Minister shakes his head. I can tell him that I'm getting phone calls not opposing the plan as much as opposing the decision that they're not allowed to vote as others in the province are. Surely the people of the Interlake are just as intelligent as the people in the rest of the province and should have a right to make this decision as people of other divisions. This does not only affect my constituency, it affects the constituency, which the Minister of Education represents.

Now as I understand it, under the ARDA plan the people of the Interlake will probably be given increased grants through ARDA, and as I understood the Minister, surely this will only encourage the people of the Interlake to support the plan more so than any other area, but they do wonder why they are not permitted to vote as the rest of the province. Perhaps the Minister, when he closes the debate, will advise us on this matter.

MR. MOLGAT: Mr. Speaker, if the Minister is about to close the debate I just want to say a very few words. I don't rise to oppose the bill; I intend to support it. But I'd like to make an appeal again to the Minister insofar as coming out very soon with the information on the assistance that will be given across the board in the Province of Manitoba to education.

I realize that the Minister told me the other day that he wanted to wait until the budget comes. Well, Mr. Speaker, I think if he does that he will in fact endanger the passage of the referendum in a number of the divisions of the province. This topic is now being discussed throughout Manitoba. There is serious concern in many of the areas of the province, and there's at the same time a very deep concern about the costs of education, and I think that the majority of the parents in the province would vote in favour of what they think is right for education but they can't forget the costs when the costs are as high as they are. And it's inevitable, with the increase that is going on. The newspapers again today were indicating in the City of Winnipeg an increase in the school costs, probably in the taxation. If this keeps on and these news reports keep on coming - and there's no reason that they won't - a lot of these people are simply going to close their minds off; they're going to make their decision now in fear of what the change might mean.

In many of the rural areas, as the Minister well knows, this is going to mean a substantial increase in transportation, for example. It may mean in some areas a very substantial construction program because the schools that have been built are not necessarily located where they should be, and unless there's a clear-cut statement very very soon by the government, I think a very serious mistake will be made. There's a possibility that in certain areas the vote will fail, and I don't think it's good enough for the Minister to say "Well, wait until the Budget." The only possible reason for him to want to wait for the Budget is a political one, Mr. Speaker. It is to make the unpleasant sections of the Budget, presumably, a little more palatable by indicating some other pleasant items which will be presumably a reduction in -- I would hope a reduction in the local rates of school taxation. I can see the political appeal in this to the Minister. I quite see that, but I say to him I think he is making a grave mistake from an education standpoint if he follows that procedure, because I think there will be, and I can certainly

(MR. MOLGAT cont'd)..... speak for my own area and the Minister knows this, because he had a visit from the division board in the area. That division board really doesn't know what to recommend to the people of that particular division. They are in very serious financial condition now, and the people in the area I think are going to -- or the danger is that they'll take the position "We just can't take any more. This thing is no good." So I really think the Minister should reconsider his position in this matter and come out before the Christmas season. People will be discussing this. There will be a lot of visiting going on throughout rural Manitoba throughout the whole Christmas season. This will be one of the items discussed by people. If the Minister would come out now with a statement of what aid he will be giving to education, he will simplify the whole procedure substantially and I think will ensure a proper discussion by the public.

Another item which the Minister may not be able to give us details on at this time, although I understand from the news reports that he has some views on it, and that is what happens to those divisions that do not vote in favor of the referendum? When he announced the referendum which was, I recall, about the 30th of September or thereabouts, he was reported in both city newspapers. When he was asked the question by the reporters as to what would happen, he stated, "I can't tell you now, but we have some very firm views on the subject." Now when my friend expresses some very firm views in those terms, he almost scares me a little, because I think he has got his mind made up and it may not be a very pleasant announcement that he will make. Nevertheless, if he has those very firm views which he stated at that time, I think they would be of interest to people in some constituencies and divisions. I think we have to recognize that for a number of areas in the province, while the people may recognize that the one division or one board division is good, a number of them feel it is impractical because of the size of the divisions, because of the problems involved, and that applies to many of the marginal areas in the province.

The Minister has decided, for example, in the Interlake that no vote will be held. He decided that because he knows that there are major problems there in the area and we all know that, because of size, of distance, of pockets of population with a lot of land in between that doesn't produce taxes, but the same thing applies on the west shore of Lake Manitoba, the same thing applies on the west shore of Lake Winnipegosis, the same thing applies on all of the marginal areas of the province, and so those people, while they may want to do the right thing for education, may feel that it's impossible for them to do it and the Minister then should tell them where they will stand if the referendum is turned down.

MR. PAULLEY: Mr. Speaker, I think that the position of this group has been clearly delineated to the House, and that is, support to the single unit of administration insofar as our school boards and districts are concerned in the province, and I, as their leader, have pledged to the Honourable the Minister of Education our support in the referendum with one or two slight reservations that I did have and one of them was that I trusted and I hoped that the Honourable the Minister of Education would take some of the very good advice that he could get from this quarter of the House insofar as the referendum, and indeed the whole process of education in Manitoba, is concerned. I must regret or observe a note of regret, Mr. Speaker, that thus far the Honourable Member for Gimli hasn't contacted either myself or any of my group accordingly but I understand from him he will.

Now we have taken the position too, Mr. Speaker, as far as the New Democrats are concerned, that we feel that the Minister and the government should have brought in the larger school areas of administration with the opting out after them becoming a fact. This was done, I understand, in the Province of Alberta; also it was done in the Province of Saskatchewan. It is my recollection in Saskatchewan that there were only two or three areas that did opt out, out of all of them.

It might be that some would consider that this is not a democratic process and there might be arguments, Mr. Speaker, one way or the other, but need I recall to the memory of the House this is what we did when Metro was introduced into the Greater Winnipeg area which comprises, as we all know, over half of the population of the Province of Manitoba. The difference was that actually outside of the fringe areas of Metro there was no opting out, and I am sure that the government, as indeed all of us, have heard on numerous occasions criticisms for the method used in instituting Metro in Manitoba. But anyway, notwithstanding that, Mr. Speaker, we have Metro which was brought in by legislation, and we have suggested that this could have been the process in bringing into being the larger areas of administration.

There is nobody apparently that I can find, Mr. Speaker, who disagrees with the larger

(MR. PAULLEY cont'd). . . . areas of administration with possibly one or two exceptions. The Teachers Society, the Trustees Society, I believe the Union of Manitoba Municipalities, and most members in this House agree with the new change or the suggested change in the field of administration. However, I appreciate, Mr. Speaker, this point. As to whether it should have been by legislation or by referendum is debatable. I just want to reaffirm to the Honourable Minister of Education that we here in this party feel that the process of education, the enhancement of education to our young men and women in the Province of Manitoba will be further enhanced if we do have the larger areas of school administration. We realize, and I am sure that all of us realize, that education is costly today and it is going to be more costly as the days go on, and there is going to have to be the provision of more money, be it at the local, provincial or federal levels in the field of education. This we have to face up to and I would like to make an appeal to the citizens of Manitoba. Put the educational facilities and standards of the children before a buck, if need be, because after all, until this province gets the necessary and required graduates from our higher institutes of education, we still won't progress to the degree that we should do. We have the boys and girls, the men and women in the Province of Manitoba, quite capable of absorbing knowledge, quite capable of making a full contribution to our province. This is one way in which we in the Legislature can help bring that about, and as I say, Mr. Speaker, just as soon as we have the fully qualified personnel within the Province of Manitoba to produce in our factories and our industries requirements of society and humanity, then the tax revenue base of the province will go up as the result of their labours applied to the fruits of the fields and the forests, so I think, Mr. Speaker, this is an important resolution; we have an important job to do; and I am pleased to be able to join with the other members in this House in recommending this bill and the referendum to the people of Manitoba.

MR. JOHNSON: Mr. Speaker, if there are no more questions I would like to close the debate on this bill. I'm very grateful for the sage advice and certainly for the opinion of the official parties opposite. I regret very much that the lone member of the Legislature from Rhineland takes issue with the principle of this referendum. All I can say to him as honestly and sincerely as I can, is that as a layman attached in the Department of Education as Minister for the last few years I can see no other alternative to the further development of education in the most effective way possible without a real all-out attempt to bring to the province a single district division concept. I think this referendum being conducted with the full endorsement of the Trustees Association of this province and the Teachers Society will serve a very good purpose in that the educational campaign that we are pledged to in concert with this referendum will put education front and center in front of our people, and I have had the longest discussions with the teacher representatives and trustee representatives on our committee. As you know, there are meetings being held sort of in a low key capacity at this time or in a low key vein until such time as the financial picture can be laid before them. I would say to the House that just as soon as - it's already been announced - just as soon as possible when we come back together again the full statement will be made on this to this House and then immediately I would hope that this would be grafted onto the material that is being prepared at the present time concerning the educational advantages, and that we would have a six-week period to bring both the educational and financial implications of this matter before our people. In the meantime, for some months the meetings have been held. The matter is being discussed and the word I am getting back is most encouraging. I would hope that the full details of some of the questions obviously I can't answer until the financial impact is before us, and I hope that it will be done in plenty of time.

Concerning the Interlake area, may I just say that at the last session, as you know, we passed Bill 16, Mr. Speaker, which called for the creation of an instrument, or the Boundaries Commission, to go into the Interlake with the two and three years of research which has been done in that area, with the opinions of the trustees and the people on the ARDA committee, their recommendations, their briefs, which are still being received over the last several months, and the Boundaries Commission, I hope, will be reporting on the Interlake area sometime between, as I understand it from my last inquiry, between January 15th and February 15th they hope to have a recommendation for us. I think the Honourable Member from St. George can tell his people, as I am telling mine, that this was done at their insistence and their request, it is mandatory legislation. Realizing the large problem they had we agreed and it is under that legislation that placed it before a commission to make a recommendation. We don't know at the moment what that recommendation will be. As soon as it is available I will

(MR. JOHNSON cont'd).... make a statement to the House, I would hope, as soon as I receive same.

In connection with that ARDA Interlake project, as you recall this was a pilot project at that time, which was the culmination of this study with the local people who placed education as their number one priority, and a full proposal was made to the federal authorities incorporating all our findings and asking for a joint program. We still have not heard from the federal government in this regard but I am told that it will be shortly. I will have the final word. In any event we will be hearing from them.

The cost of such a campaign, frankly the best estimate I can get for a campaign to set up returning officers, polls etc. both for the referendum and the election of trustees, would be somewhere in the neighborhood of \$150,000. I'm not going to get into a further discussion of the principles of this bill. I think they have been dealt with over and over again. As I say, I am sorry the Member for Rhineland can't see his way clear to support this. I would, however, hope that he will come to understand what we consider the educational advantages of such a system and I am sure that when the full program is before us, I hope the House will endorse it both as effective and I think we should do everything we can to support the principle of this referendum in the coming months.

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

MR. LYON: We might now ask you to call, Sir, a Committee of the Whole House to consider Bill No. 7 for third reading, and it would be at this stage, Sir, that we would ask for the consent of the House to have Bill No. 5 and Bill No. 4 which have both just received second reading, to be considered at the committee stage of the Whole House when this item is called. I wonder if we might have some indication from honourable gentlemen if they would be willing to accord that consent.

MR. FROESE: Mr. Speaker, rather than to give consent now, I would like to give consent later, to deal with the bills later on in Committee of the Whole as well as third reading. I think we should try and get to the Throne Speech as soon as possible.

MR. LYON: Well Mr. Speaker, it means probably we will sit tomorrow because once we get into the Throne Speech that will probably be the final bit of business, but if my honourable friend is not prepared to give his consent for these two bills to be heard then we will have to ask that the Throne Speech be called. We can take Committee of the Whole in any case and have Bill No. 7 passed.

MR. ROBLIN: May I ask if my honourable friend really understands what he is asking here. If he doesn't give his consent we will probably not be able to deal with these measures today, which I think would not be the will of most of us here, and I just wonder whether he could not see his way clear to giving consent.

MR. FROESE: Mr. Speaker, we will have to give third readings to these bills later on, and why not have the Committee of the Whole at that time as well, so that we will have more time for the Throne Speech at this point.

MR. ROBLIN: But Mr. Speaker, we can't give third reading till we have the committee. We have the committee stage and then if the bills pass the committee, we would then by leave proceed with third reading, but we can't have third reading any time today until we have the committee stage. That's the essential next bit of business, so if my honourable friend holds up the committee stage there's no third reading. I wonder if that's clear, because I don't wish to be thought to be in the position of trying to unduly hustle any member of the House here and I don't really think I am, and I don't really think my honourable friend intends to be sort of the Mr. Gregoire of this Assembly. I don't think he intends to be that at all. I'm just afraid that he doesn't understand what he's saying when he tells us that he won't consent to third reading.

MR. FROESE: Mr. Speaker, I don't think it would take any longer later on to deal with these bills in Committee of the Whole and deal with them right away at third reading, proceed with third reading, than to do it now. I can't see the difference. However, we only have another hour left and then probably an hour and a half this evening to deal with the Throne Speech, and I would like to make a further contribution to the Throne Speech, and certainly the longer we delay this the less time we will have because we have to put the question at, I think, 9:30 on the Throne Speech.

MR. PAULLEY: May I try and pour a little oil on the troubled waters and suggest an alternative to the position my honourable friend the Member for Rhineland is taking. He would like to get along with the Throne Speech; the position of the government apparently is that they

(MR. PAULLEY cont'd.... would like to terminate the business of this portion of our session today. I think both can be accomplished. We have to take the vote on the main motion of the Throne Speech at 9:30 this evening. We could take the vote then and then take the third readings and by unanimous consent pass them at third reading and have His Honour or the administrator or whoever is available to give the Royal Assent, and by that way the chances are we would be out by 10:00 o'clock. I think I can say as far as my group is concerned there will be no prolonged discussions on the tax bill; I think we've made our point. So I offer this as a suggested alternative. The Honourable the First Minister should be happy with this; the Honourable Member for Rhineland may be happy and of course he's taking his chances as to whether he even gets in on the Throne Speech. This will be up to how the procedure goes, but I do suggest, Mr. Speaker, that this may be a workable alternative or suggestion in the spirit of Christmas and congeniality with all the members of the House. We could still get out of here and if need be, Mr. Speaker, to extend beyond the deadline of 10:00 o'clock to go through the final procedures. I'm sure at that stage members would give unanimous consent to do that.

MR. ROBLIN: Mr. Speaker, I feel that if we'd got on with it we'd have been a lot further forward. I take it that the objection of my honourable friend really applies to the bill on the schools. Is that the one?

MR. FROESE: No, Mr. Speaker, my only concern is that I do have an opportunity to speak on the Throne Speech.

MR. ROBLIN: No one can give any undertaking about that, because there are several of us that want to speak on the Throne Speech. I hope that I can speak on the Throne Speech too. But I think what we ought to do is to call the committee stage on this Bill 7 at any rate and get that completed, but how far we go is in the hands of my honourable friend.

MR. MOLGAT: Mr. Speaker, if there's some concern about people who want to speak on the Throne Speech, I think I can say for my group that I'll be happy to let the First Minister be the first to speak on the Throne Speech when the matter comes up.

MR. SPEAKER: Order please. I take it that the Honourable Member for Rhineland is accepting the suggestion of the Honourable the Attorney-General, and we'll proceed in accordance with what he has....

MR. FROESE: Mr. Speaker, I will go along and I hope the members will then give me an opportunity to speak.

MR. SPEAKER: Now, in my infancy in this job I wonder if the Attorney-General would kindly repeat what he said earlier.

MR. LYON: Well then I take it now, having unanimous consent, Mr. Speaker, we would ask you to call the Committee of the Whole House to consider a report on Bill No. 7, Bill No. 5, and Bill No. 4, the latter two having to be moved by leave.

HON. HARRY J. ENNS (Minister of Agriculture and Conservation) (Rockwood-Iberville): Mr. Speaker, I so move, seconded by the Honourable Mr. Witney, that Mr. Speaker now leave the Chair and the House resolve itself into a Committee of the Whole to consider the following Bills: No. 7 - An Act to amend The Department of Agriculture and Conservation Act; No. 4 - An Act to amend The Public Schools Act; No. 5 - An Act to amend The Income Tax Act; the latter two by leave of the House.

MR. 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 Arthur in the Chair.

COMMITTEE OF THE WHOLE HOUSE

MR. CHAIRMAN: Bill No. 7, Section 1 passed

MR. MOLGAT: Mr. Chairman, I think the Minister undertook to give us some explanations when we reached this stage.

MR. CHAIRMAN: The Honourable the Minister of Agriculture.

MR. ENNS: With the undertaking of the major water control projects in different parts of the province, the Water Control Branch has recognized the tax revenue loss in these areas, and a formula was worked out whereby some degree of tax relief would be given to the municipalities concerned, and as a result of this formula it was found that the municipalities of Springfield and St. Clements were the only municipalities eligible for an adjustment grant. In order to make this payment it was made necessary to amend the Department of Agriculture and Conservation Act. The amendment was brought forward in 1965 and consequently found that the wording excluded any payment to the municipalities. It was the intention to divide

(MR. ENNS cont'd).... these monies to the school districts, school areas and also the municipalities. Now it's largely because of a shortcoming in our drafting of this legislation in 1965 where we found that the amendment had inadvertently — or inadvertently did not provide for the allocation of these monies to the municipalities but only to the school district and the government desires now to make that portion of the grant available to these municipalities that the present amendment is before you, and perhaps, very short, if I give you an example of, say for instance the Red River Floodway and how it affects the municipalities involved. There are six municipalities involved in the floodway project and of the six only the two mentioned, St. Clements and Springfield, are over and above the formula struck to become eligible for this grant. The other four municipalities, Ritchot, St. Boniface, East St. Paul and St. Vital are below this figure.

Further to some questions, specific questions raised by the Honourable the Leader of the Opposition, I believe he asked the questions with respect to are the municipalities involved, are they notified, are they aware of this? Yes they are. It is largely because of this money that has been owing to them for some time that this bill is being put forward at this time and that is the only urgency in the matter. The Leader of the Opposition also mentioned the retroactive feature of the bill which didn't particularly appeal to him. I can only say again that it is the shortcomings of our deletion of the word municipalities in '65 that puts this retroactive feature into the bill.

There was also a further question, if I recall rightly, about the area where the boundaries, the school districts are not coterminous, and it's perhaps for this very reason, well it is for this very reason that we wish to place the distribution of these monies into this municipal board which is much more knowledgeable in this area and indeed operates independently. Thank you.

MR. MOLGAT: Mr. Chairman, then we're not deleting in any way the school districts, or school divisions. They will still receive whatever their grant is and in addition to that will be paying it to the municipalities. Now, I gather then that from what the Minister says that this really applies only to two municipalities in the whole of the province.

MR. ENNS: I can -- somewhere I have the information. I mentioned in my earlier explanation that the formula was struck. The formula I'm referring to is any excess of tax revenue loss over and above one percent, and it's on this basis that for instance we find that in the Red River Floodway project, St. Clements has a tax revenue loss of 1.78 percent and that the Municipality of Springfield has a loss of 3.86 percent. The other municipalities - St. Boniface has no loss; East St. Paul has a loss of .45, so they're under the formula; St. Vital a loss of .031. With respect to, for instance, one of the other major control works, the Portage Diversion, where the Municipality of Portage la Prairie is the only municipality involved, again their total revenue loss is below the one percent figure; it's .39. With respect to the Shellmouth project and the reservoir, at the present the land is being leased back to the farmers who are using it and that's the arrangements made that the municipal taxes are paid through that, so there is no tax loss yet. I would assume that some adjustment would be made at such time as when the reservoir is filled.

MR. CAMPBELL: Mr. Chairman, the Minister mentioned about the fact that Portage la Prairie rural municipality did not qualify under the formula that was in effect in 1965. That is quite correct; they didn't. But my honourable friend the Minister of Highways - no, that's not right. The person who was sitting where my honourable friend the Minister of Highways is sitting, the former Minister of Agriculture, remedied that defect to a very minor degree in 1966 by providing that the Rural Municipality of Portage la Prairie would receive a certain grant but only for a three-year period. Now I pleaded with my honourable friend the former Minister that he make it for a longer period because he was taking the land for ever. It seemed to me that to make a tax grant for only three years was really not very generous. I wouldn't say that my appeal fell on deaf ears but it certainly was not productive. I got no encouragement at all from my honourable friend the former Minister, that this could be extended. Now, I have been sizing up the present Minister and I think he is of a more generous type than the former one. I think there is much more of the milk of human kindness, fairness and responsibility in him. I'm attracted to the young gentleman, and I want to encourage him now to review that decision of his predecessor because these administrative decisions are not like the laws of the Medes and Persians; they can be reviewed, and I want to ask him to review this one and to recognize the unfairness of taking away the tax base that he has spoken of for ever - for ever, in perpetuity - and giving a grant for only three years. I want to ask my honourable friend to

(MR. CAMPBELL cont'd)..... review that situation and see if he can't do better. I'll settle for the difference between three years and perpetuity, and if he would just accede to that fair compromise, and I'd be very encouraged with the attitude of the Honourable the present Minister, but it seems to me that I read in the paper that responsibility in these matters had been transferred to my honourable friend the Minister of Highways. Is that correct? Now, do I have to start my appeal all over again and try and make a deal with the Honourable the Minister of Highways?

HON. WALTER WEIR (Minister of Highways) (Minnedosa): I'll accept the words you used on the other Minister.

MR. CAMPBELL: You'll accept those? Then I won't have to repeat them because I really do like this honourable gentleman too. I really do. I can apply them holus bolus, so whichever one of them is now responsible, just look after the Rural Municipality of Portage la Prairie and make a reasonable compromise - half-way between the three years and perpetuity.

MR. ENNS: a short reply to the Honourable Member from Lakeside. This side has done one better and we have given this responsibility over to the woman in our Cabinet and I am sure that she would give full attention to this matter. This is part of the purpose of this bill, it is coming into the Municipal Affairs.

MR. CAMPBELL: Do I have to go through this all again with my honourable friend? I cannot address her while she's in her present position and I don't want to hold the House up so I'll just leave it to you to take it up with her.

BILL No. 7 was read section by section and passed.

BILL No. 5 was read section by section.

MR. PAULLEY: Mr. Chairman, just before the motion to report the bill I just would like to make one statement in connection with this bill. It has now been recorded that we voted against the bill for two or three reasons. The principal one is that we don't like the arrangement that has been made with Ottawa, and I must confess that in having said this we're in a slightly different position than the government is. They don't like it either but they didn't have the freedom that we had of voting against it as did my honourable friends to the right. However, we voted against it because we don't like the agreement with Ottawa. In addition to that we don't like some of the mechanics as to why we are having to deal with it in the absence of full information as to whether goest Manitoba financial-wise. So I want it clearly understood on those bases we voted against the bill. Saying this, however, we do realize, we do realize that we're caught within a spider's web or the web of

MR. ROBLIN: Fate.

MR. PAULLEY: Fate, or call it what you will. Yes, my colleague from Logan says, "in a web of circumstances." We know we have to have money to operate but I want it clearly understood the reasons for which we voted against it.

MR. MOLGAT: Mr. Chairman, my honourable friends to my left having clearly established that they do not support the principle of the income tax by their vote a few moments ago, have in spite of their many statements yesterday that they're prepared to support almost any kind of taxes - and I refer honourable members to the Hansard, because the Member for Elmwood certainly committed himself to any type of tax as long as the First Minister could give an explanation for it. That's right. All he needs is persuasion. So today they have retrieved themselves and as pointed out they are opposed to the income tax.

I speak for my group, Mr. Chairman, saying that we support the principle of the income tax. We think it is a reasonable type of tax.

MR. PAULLEY: Mr. Chairman, I cannot let that go from my honourable friend. It is obvious that he is misconstruing what I have said, what my colleagues have said. Yes, I'll read the Hansard and I'll read your remarks to my honourable friend and they're deliberately misleading. At no time have we suggested anything other than a proper income tax, corporate as well as personal, graduated with the ability to pay. But what my honourable friend has said right now is that he hasn't got the gumption on behalf of the citizens of Manitoba to stand up and say that he doesn't like the agreement with Ottawa. Do you recall, Mr. Chairman, here not so very many months ago, speaking of my friend, there was quite a newspaper story as to the possibility of him receiving a call to Ottawa with the elevation of the Honourable Minister of Veterans' Affairs for the constituency of St. Boniface to the Upper Chamber.

MR. ROBLIN: Splendid idea.

MR. PAULLEY: Not for my constituency because, Mr. Chairman, I happen to reside

(MR. PAULLEY cont'd). . . . in that constituency and by jove I wouldn't say that the representation is so good now, and maybe I shouldn't say what it would be like if my honourable friend the member for Ste. Rose took the place there, which I doubt would be acceptable to the voter of Radisson and Transcona and St. Boniface.

However, Mr. Chairman, the point is that my honourable friend just made the statement that he did to attempt to cover up the deficiencies, the lack of courage of the Liberal Party of Manitoba to say to Mike Pearson and Mitchell Sharp, "You put us in a strait jacket. You're trying to keep us as one of the have-not provinces of Canada." And I suggest to my honourable friend that if he's going to chastise me or chastise my group for some of the references here he should think before he gets up on his feet.

MR. CAMPBELL: . . . recognizing how completely in order all of this discussion has been, I would just like to remark that I can understand my honourable friend's embarrassment when he sees that both the Honourable the First Minister and the Leader of our group are having overtures made to them from Ottawa and he is left out.

MR. PAULLEY: I might say, Mr. Chairman, that that situation will not last very much longer because - and I might say to my honourable friend the Member for Lakeside, for Pete's sake get ahold of Mike and tell him to go to the people to clear up the situation because now that we of the New Democratic Party can elect the Mayor of Tory Toronto I am sure we can displace that outfit in the government offices at Ottawa.

MR. ROBLIN: Would I be considered a spoil sport if I suggested that we get down to business and stick to the rules and finish what we have to do?

MR. CHAIRMAN: Bill be reported.

BILL No. 4 was read section by section.

MR. MOLGAT: Mr. Chairman, I may have missed it but I don't think that the Minister replied to two of the matters I had brought up. One was the question of making his announcement regarding the assistance to schools and education very soon, and the other one was, what happens to those divisions that do not vote in favour of the referendum?

MR. JOHNSON: Mr. Chairman, I did indicate that at the first possible moment the estimates or the picture will be placed before the honourable members of the House before anything else is done, and secondly that statement will contain the answers for my honourable friend.

MR. CHAIRMAN: Bill be reported. Call in the Speaker. Mr. Speaker, the Committee of the Whole House considered Bills No. 4, 5 and 7 and directed me to report same without amendment.

MR. J. DOUGLAS WATT (Arthur): Mr. Speaker, I beg to move, seconded by the Honourable Member for Springfield, that the report of the Committee be received.

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

BILLS NO. 7, 5, 4, by leave, were read a third time and passed.

SERGEANT-AT-ARMS: His Honour the Lieutenant-Governor.

MR. SPEAKER: May it please Your Honour, the Legislative Assembly, at its present Session, passed several Bills, which, in the name of the Assembly I present to Your Honour and to which Bills I respectfully request Your Honour's Assent.

MR. CLERK: Bill No. 4 - An Act to amend The Public Schools Act (1).

Bill No. 5 - An Act to amend The Income Tax Act (Manitoba) 1962.

Bill No. 7 - An Act to amend The Department of Agriculture and Conservation Act.

In Her Majesty's name, His Honour the Lieutenant-Governor doth assent to these Bills.

MR. LYON: Would you be good enough, Sir, to call the adjourned debate on the proposed motion of the Honourable Member for St. Vital for an Address to His Honour the Lieutenant-Governor in answer to His Speech at the Opening of the Session.

MR. SPEAKER: The adjourned debate on the Proposed Motion of the Honourable Member for St. Vital for an Address to His Honour the Lieutenant-Governor in answer to his Speech at the Opening of the Session.

MR. ROBLIN: I should like to take the opportunity of speaking to the House on this occasion, because as everybody knows, the fate of the government is at the stake when one deals with the Speech from the Throne, and it is customary for the Leader of the administration to find an occasion during this debate to speak to some of the matters that had become at issue or which were contained in the Throne Speech itself.

It is of course my pleasure to join with all those who have taken advantage of the

(MR. ROBLIN cont'd)..... opportunity to offer the customary but nonetheless sincere compliments to those who have distinguished themselves in the House and in the debate, and I would like to join with all who have congratulated you and to say that in your conduct of your office since your installation, that you amply justify the good opinions of those who recommended that you should take this job.

I also want as well to say a word of appreciation to the gentlemen that moved and seconded the Address in Reply to the Speech from the Throne. We had quite a difficulty deciding which of the members newly joined on the government side should be asked to take on this responsibility. We could have asked any of them with equal confidence, but the two who were invited to perform this task did so in a manner which I think reflects credit on them and is a happy augury of things to come. I should like also to reinforce the words of welcome that I have offered to all new members in this House. It is true that I cannot offer that welcome with equal force to everyone, but I can offer it in a degree to everyone, and I'm sure that from what we have heard so far, that the new members will make a contribution which will reflect credit on the Chamber in their proceedings.

Some of the things we do in this House must seem rather antique to those who visited for the first time or who take part in its proceedings for the first time. The way in which we address each other, the rules that we have, the recognition that we give to the office of Speaker, all these things which looked at in isolation and perhaps without much consideration would appear to be flummery that could well be dispensed with in the orderly conduct of this, but I think that after one has been in such a Chamber for awhile one realizes that not only are these the relics of a long tradition, the evidence of a history that stretches back these hundreds of years, but also in practice are rules which are good for the efficient and orderly - and if I may use the word "gentlemanly" in no snobbish sense - the gentlemanly conduct of the affairs of this House.

Those of you who are interested in history would, I am sure, find much satisfaction in tracing the origin of many of these customs, but they indicate to us that the institution to which we belong has a long and glorious history and that it is not a static institution if it is still evolving. We are going to discuss the Speakership before long which will be part of that evolving process. It is an institution which I think is at the center of our democratic world and it behooves all of us, and I speak of myself as much as anyone else, that we should by our conduct here, so far as it lies within the frailties of human nature in the excitement of debate, that we should so conduct ourselves that people who look at parliamentary institutions from the outside may look at us, let it be hoped with approbation and respect. Not that we are any different from any other men, we are not. We are an average rough sample of the people of Manitoba, but the way in which we conduct ourselves and the terms in which we address ourselves to the business of the House sets the character of this institution in the public mind and all the long and glorious traditions mean nothing if we who are its beneficiaries today fail to conduct ourselves in a manner that is worthy of the institution that is the center, as I said, of our parliamentary and democratic system.

I know how far I fall short personally of meeting that goal of conduct, and if at times that becomes obvious to members opposite, may I in advance ask to be excused for the frailties of human nature and to say that I shall try and conform to the rules as I see it for the proper conduct of business here in a manner that will retain the respect of our people for the democratic institution and for parliament, and I know that in that hope I will be joined by every member who has been here before, and I am positive by those gentlemen who have joined us this year for the first time.

Some of the people on the other side from time to time have been making some reference to what the electors did to them and that's understandable. I merely observe that the electors did not confer any right on the membership of the New Democratic Party to consider themselves the official opposition, nor on the other hand did they confer on the Liberal Party any right to consider themselves the government, and although they express their wishes to various degrees and in varying ways, they did confer upon those of us who sit on this side the responsibility to carry on the government. This we will try to do to the best of our ability, but we will do so I hope, Mr. Speaker, in an open-minded fashion, so that from time to time, as I hope we will have constructive and useful suggestions made to us outside the ranks of the government caucus, that we will have the good sense and the grace to recognize them and try to adapt them in one way or another into the framework of our business here.

I was glad to get that response, because usually we have in this House nothing but the

(MR. ROBLIN cont'd)..... clash of opinion and the clash of opinion is a very good and healthy thing to which no one could take exception, and it really is through the clash of opinion that policy and platform are developed. But I also think there is another side to our deliberations here which is so often overlooked by us - and I make no reference to any body or person or party in particular because we are all in the same boat - where we fail to give a reasonable consideration to good ideas, regardless of where they come.

Now if I were to make a resolution for this Legislature and this Parliament and for us here on this side, I hope it would be that in that clash of opinion we would not lose sight of the constructive contribution that can be made by members on any side of this Legislature. Although politics being what they are, it may take a little time for us to respond to some of the good ideas that we get, I would like to think that we will not be obtuse or obdurate when matters of that sort are before us.

I have a lot to say tonight. I had hoped that not only would I be dealing with the development policies of the government, the Manitoba Development Fund, the Churchill Forest Products and other matters of interest, but I hoped I would deal with what is the real core of the debate that is before us now, and that is the financial structure of this province within the Canadian community.

I listened to the strictures of the Honourable Member for Lakeside and I think that they entirely misinterpreted and put the worst possible gloss on whatever words were in His Honour's Speech that had to bear on this matter. But I want to tell this Assembly - because in the course of dealing with the matters I have already mentioned, I don't know whether I'll get around to this point in the detail that I would wish to do - but I want to tell this Assembly that the question of establishing priorities on a national basis between all the governments of this country, and on the basis of those concept of priorities establishing a reasonable division of the taxing policy, is at the very heart of the great problems that confront this province today and this country today.

We're going to be talking about taxes of all kinds and we'll try to do our best to justify whatever recommendations we bring in, but they're just on the periphery, they don't deal and touch with the great issues that are before us in this question of national priorities and the tax resources to support the responsibilities of the administration. It's not good enough for people to say that we're trying to blame the Federal Government. Well, politics is politics, and I daresay they'll come in for a knock or two. The Leader of the NDP will see to that, I'm sure. But it goes far deeper than any political battle or concern that there may be. It goes far deeper than accepting the responsibility for increased taxes when they have to be raised. And I assure this House we'll take that responsibility, unpleasant as it may be, we'll take it because it is our duty to do so, though they're only on the periphery.

What we need to deal with in this nation are the great questions of priorities and financial resources to carry out our function, because it is clear as a pikestaff that the various governments of this country on the basis of present policies alone and without any new ones are going to need two, three, four percent of the gross national product to carry on the affairs of this nation in a way that merely meets the essential responsibilities that we have before us, to say nothing of the new things that all of us - all of us would like to do. To me, it is a disappointment that so far in this debate nobody has addressed himself to that question because surely that was the main message conveyed in the Throne Speech, even though the member for Lakeside objects to the fact that it was there. But we put it there because we thought it was good for our province and it was right that the government should state its policy and its view. That is what we have done, and if I have time before I finish I intend to deal at some length with our attitude towards this whole question of priorities and the tax and financial problems that confront this country, not because we're caught in the squeeze - that's part of it all right, let's be frank about that - but simply because this is the Canadian problem of 1966 and 1967 and if we can make any contribution to solving it then we ought to do so.

Now Sir, I would like to take advantage of my opportunity in the first instance to review in this Chamber some of the important policies about industrial development that have been urged on the public by this government and have been supported by and large by the members of this House. Everybody knows it is common gospel, accepted in every party and in every corner of this land, that no government is going to sit still and let laissez-faire economics take their course either in the field of industrial development or in any other. We live in a mixed economy where government and enterprise jointly have a role to play and hopefully a role in partnership. And one of the very first things that we did when we came into this House

(MR. ROBLIN cont'd)..... as the government nine years ago now, was to provide ourselves with certain instrumentalities and certain tools by which the government might enhance and develop the economy of the Province of Manitoba. And the only criticism that we've got of any substance that people really seem to mean on the other side of the House is not that we did these things but because we don't do far enough. Did the Leader of the Opposition not spend all his time, or a great portion of it now and in the last election, castigating us because the economy was not developing fast enough? And yet, as I propose to show, some people at least would like to take the tools with which we work out of our hands.

One of the policies that was produced can be expressed in the term, the Manitoba Development Fund, and whether the Opposition realize it or not and whether it is a deliberate tactic - which I for one would be loathe to believe - or not, the statement that has been made in the past few days and the statements been made before, certainly in my mind cast a shadow, a miasma of doubt and suspicion over the activities of the government in industrial development, particularly in the field of natural resources and with respect to the operations of the Manitoba Development Fund such as to deter any sensible enterpriser having anything to do with it, because if loans of the Manitoba Development Fund are to become political issues, and no one can deny that that is the situation today, then responsible firms are going to be reluctant to do business with any Fund under those terms.

MR. PAULLEY: Nonsense!

MR. ROBLIN: Well, we'll come to my honourable friend and his nonsense before very long. I think I had the pleasure of listening to him without so much as a peep out of me.

MR. PAULLEY: Nothing to peep about!

MR. ROBLIN: No, there certainly wasn't anything to peep about! It was all back to the speech everything he'd ever thought of in the last four years was regurgitated for our benefit the other day as a criticism of the government. Well, you don't have to pay much attention to that. Some other people over there said something that I do want to pay attention to.

The origins of the Manitoba Development Fund are clear. They were designed to provide us with the tool for industrial growth, to supply a source of credit for our own people in this province that wanted to expand and for people who could be induced to come into this province to help us expand, a source of credit that was not available in the normal course; a source of credit that we were going to use, and this was quite clear from the beginning, as an attraction, as some kind of an instrumentality through which we could encourage this kind of thing to be done. And when we brought it in, I'm happy to say we had the support of the NDP in those days. But we certainly didn't have the support of the Grits. At least if my memory serves me right we didn't have their support, so we can't claim that they were in on that.

Now let's take a look at what's been going on in the Manitoba Development Fund. If members would like to know I simply refer them to the report of the Fund. The last one I have is the 7th report, 1964-65, and in that report it gives a resume of the results achieved, because these policies aren't much good if they don't produce some kind of results. These policies aren't any good if somebody doesn't do something to expand employment and job opportunities. Well, what happened with the Manitoba Development Fund? And this is a report that is about a year old or more. Well, they lent about \$16 million odd, "approval and acceptance of loans worth \$16 million." They estimated "increased annual factory production and tourist revenue of \$42 million resulting from the new facilities provided by borrowers with the financial assistance of the MDF." That's not bad. "Borrowers were responsible for putting over 2,400 new jobs with an annual aggregate payroll in excess of \$8 million." I approve of that. "Participation in the financing of 91 new buildings, encompassing approximately 1,400,000 square feet of space. Loan applications to six local community development groups were made - \$176,000. Loans approved for projects in rural Manitoba represented 51.5 percent of the total loans." That interests me because one of our purposes was to help decentralization of industry and it's worked to some extent in that respect. And 36 loans totalling \$1,609,020 were approved to assist tourist operators who are a special category under this Fund.

And here's something I want members to take note of: "The average rate of interest charged to borrowers during the 1964-65 year was 7.09 percent." Not the rate that was charged everybody but the average rate, indicating that different rates were charged, and I intend to come to that in some detail before I'm through.

Operations resulted in a profit of \$138,000 in the year in question. During the year the corporation made loans totalling \$5 million - I'll skip the lesser sums - compared to loans

(MR. ROBLIN cont'd)..... aggregating \$3 million in the previous year, and they go on to tell what they've been doing with their money. "As of March 31, 1965 no actual losses have been experienced by the corporation. Arrears were \$4,599.00 which represents approximately 1/20th of 1% of the loans received."

So this is a brief rundown of the fact that in its original concept the Manitoba Development Fund has been a successful operation. I'm interested to note that the officers at that time, the directors at that time consisted of Morris Neaman, and we know who he is. He's on the Manitoba Medical Service Board; he's a man who gives a great deal of public service; I think his credibility and his character and his judgment is considered to be good; D.L. Crofton. He's still there along with Mr. Neaman, who is well-known as a businessman in the Province of Manitoba; A. R. McPherson, a manufacturer; G.K. Hill of Portage la Prairie; John MacAulay, a name that's well known in this community; John F. Baldner, assessor, were all members of the Board then, they are members of the Board now.

Now Mr. Speaker, I see that it is 5:30 and I would therefore be glad to continue my remarks after the supper hour.

MR. MOLGAT: As far as we are concerned we'd be quite happy to continue through and let the honourable member continue his discourse, and it'll give that much more time for others to reply after he has completed his comments.

MR. ROBLIN: I thank my honourable friend for his suggestion but I'll decline the invitation.

MR. MOLGAT: Does that mean that the honourable gentleman intends to go until closing hour, Mr. Chairman?

MR. SPEAKER: It is now 5:30 and I am leaving the Chair until 8:00 this evening.