

THE LEGISLATIVE ASSEMBLY OF MANITOBA
8:00 o'clock, Tuesday, April 30, 1968

MR. EVANS: I beg to move, seconded by the Honourable the Attorney-General, that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried and the House resolved itself into a Committee of Supply with the Honourable Member for Arthur in the Chair.

COMMITTEE OF SUPPLY

MR. CHAIRMAN: Committee Proceed. The Department of Agriculture. Resolution 14 --passed; Resolution 15--

MR. CAMPBELL: Mr. Chairman, did the Minister give a report on this item covered by Resolution 15 -- oh, I'm sorry, not 15.

MR. CHAIRMAN: Resolution 15--passed; Resolution 16--

MR. CAMPBELL: Did we have a report on 16?

MR. ENNS: On the matter of the revolving fund for the Indian-Metis Co-operatives, I can report to the House, Mr. Chairman, that we have now some 20 active co-operative organizations operating among the native Indian people in the northern parts of the province. They are primarily engaged in fishing co-operatives and we have the funds that are made available to us from the Wheat Trust money - some hundred thousand dollars - which we use the capitalization from. We use this to guarantee loans to help finance and help set up these funds. In this past year -- we do have occasional losses. This past year we had to stand good to our guarantee by \$15,000 from this particular fund and we replenished this fund to this extent. Thank you, Mr. Chairman.

MR. CHAIRMAN: Resolution 16--passed; Resolution 17--

MR. CAMPBELL: Mr. Chairman, how does 17 differ from (b) of 12?

MR. ENNS: Mr. Chairman, this does represent an increase in the research moneys presented to the Faculty of Agriculture from the Department of Agriculture. There has been a transfer of some of the funds in this regard that were formerly paid into the teaching aspect of it at the Faculty of Agriculture. It was found more advantageous to federal sharing to include these with the regular university's budget, that is through the Department of Education, and it accounts for some transfer or change in the funds. But I would have to report to the Honourable Member for Lakeside that there is indeed an additional amount of money that the Provincial Department of Agriculture is making available to the research program through the Faculty of Agriculture.

MR. FROESE: Mr. Chairman, could the Minister tell us just how much direction does the government give in connection with the research projects that are being carried out at the university. Who determines what aspects will be researched and what will not as to the program. We get the annual report but I would like to know from him how much direction are we giving as the Government of Manitoba in connection with agricultural research?

MR. ENNS: Well, Mr. Chairman, I would of course have to be the first one to admit that I'm not in the best position, or indeed should want to be in a position where I or any of my colleagues particularly direct the area of research. Research in its broadest sense of course is precisely what the word implies; you search out the areas of agricultural development that are open to the plant scientists, the people involved at the faculty. The real basic backdrop to our research program is of course in the calibre and in the confidence of the men that we have engaged in our research programs, I think in such men as Dean Shebeski and his colleagues who is internationally recognized as a leader in agricultural research in the University of Manitoba, and the Province of Manitoba can be justly pleased and proud of his services.

It's very difficult, Mr. Chairman, to direct research. I think the honourable member perhaps is indicating that we should be placing, you know, some specific guidelines into broad or general areas of it. In this particular respect I can report to him that the department is very concerned about such things as feed grains; forage development in the province.

Again today my Deputy Minister met with members of the broad grain community, not only from this province but the three prairie provinces, in examining with the university officials this whole question of expanding or of examining the changes that should be considered by our Wheat Board officials, particularly with respect to allowing some greater flexibility,

(MR. ENNS cont'd.) allowing some -- taking a hard look at the prospects of new varieties of grains coming on to our scene. I can assure the honourable gentleman that these discussions are serious.

We are seriously considering, - since it's the interests of a particular group - well, seeds in this particular case as sponsored by the Manitoba Sugar Company and the B. C. Sugar Company who have expressed an interest in setting up or becoming part of setting up a private plant breeders association, if you want to call it that. They've had very extensive meetings and these meetings will continue. We've made it very plain that we would expect -- while there is no objection on our part, we welcome their entry into this field, but we would of course have to call for the same basic safeguards - safeguards of standards, safeguards of grades - so that a situation wouldn't develop wherein a variety which was not fully proven was allowed to get into the hands of our producers and our producers perhaps finding out a year or two later that they have a great deal of this grain on hand and no markets for them. But this is the kind of work that is being done at the university, the kind of work the department is encouraging.

MR. CHAIRMAN: Resolution 17--passed; Resolution 18 - (a)--

MR. SAMUEL USKIW (Brokenhead): Mr. Chairman, yesterday we dealt extensively with the operation of ARDA and FRED, being the same program - FRED being the offspring of ARDA. I want to point out to the Minister that yesterday he did not answer some specific questions that I posed to him with respect to some of the problems in the area southeast of Lake Winnipeg and that I was not satisfied with the way the ARDA program was being carried out.

I can best draw a picture to you by way of an example with one specific case. I'm going to attempt to do this, Mr. Chairman. As you will recall, two years ago we had substantial flooding from Morris all the way down to Lake Winnipeg, and as a result of this flooding the province set up the Red River Valley Board to provide assistance to people that sustained damages from these high water, and in my particular area some people participated in this program and others did not, and I outlined yesterday why some of them did not; namely, that they were anticipating other programs that were going to solve this problem permanently, and again I am referring to ARDA and land acquisition.

If you will recall, under the terms of the Red River Valley Board one could get a \$2,000 grant for moving out of a given area, and in this particular case it was assessed or appraised that it would cost over \$4,000 or \$5,000 to have this individual move to a new location, in that if he had to move his home and his other farm buildings and drill a new well and so forth that he could not do it for the \$2,000 as provided by the Red River Valley Board. Now this gentleman was at that time about 63 years of age; he had a few dollars saved up for his retirement and he could not at that point decide that he would spend some of his savings in relocating his home and his buildings; and he appealed to the Minister - and I in fact was with him at the time, along with other people in the area - that really the area should be dealt with under the ARDA Land Acquisition Program and that these people should in fact be bought out and relocated so that their problems would be solved permanently. And when I say that this is an area that required special attention, I want to point out that since 1948 people in this particular area had suffered flood damages. Whether the rest of the province did or not, it did not matter in that they were always in a position where they had to suffer flooding practically every year, unrelated to what happened anywhere else in the province so far as the Red River was concerned.

So, Mr. Chairman, whether it be Red River flooding or whether it would be lake back-up, it didn't matter much to these people, they had a recurring problem that the province was bypassing, was not taking a good look at. Yesterday the Minister said to me that there was some intention of dyking in the area and that because of the objections of the municipality in question that they could not proceed to protect these people. Mr. Chairman, I want to suggest to you that there are reasons for the objections of the municipality in question. The proposal of the water conservation people was in fact that the road be used as a dyke and it would be raised by about one foot. Now, Mr. Chairman, this may have been satisfactory insofar as preventing the back-up of lake waters over this road but it was not satisfactory insofar as flooding from the Red River is concerned, and I could recognize why the municipality would object. They didn't object to the building of the road, Mr. Chairman, they only objected to an obligation which was supposed to be assumed by themselves that they would re-gravel after the

(MR. USKIW cont'd.) government had raised this road.

Now you can imagine if you have recurring flooding from the Red River practically every year that the municipality would be put to some cost yearly in re-gravelling, and if the government here was at all sincere, what they should have done is offered that they would raise the level of the grade and would also re-gravel if it became necessary from time to time. Then I would say that the municipality would have no reason to object.

Mr. Chairman, there is a substantial reason why the government did not get the co-operation of the municipality in question; simply the fact that the ground rules as dictated by this government were not reasonable. And I say, Mr. Chairman, that the Minister has not exercised proper responsibility. The ARDA program here was designed for the -- and one of the purposes of the program is in fact to rehabilitate people, to relocate people, to buy farm property that is not productive enough, to transfer people into other areas of endeavour. Why the Minister chose not to implement the ARDA program in this area I do not know, but remembering that since 1948 this was a recurring problem in the area, I would suggest that this was the ideal area to launch an ARDA development program so that we could do something of a permanent nature for the people in the area. Now surely I ought to expect an answer from the Minister whether or not he is going to be dyking or raising the level of this grade to create a substantial dyke for the protection of these people or whether he is going to give consideration to launching a new program to solve their problems permanently.

Tied into this problem is the waste of provincial and federal money under the Red River Valley Board operations. This one individual in question received some \$3,600 of support, of grants for raising his building and for remodelling to prevent further flooding, but in effect what does it mean? It means that we have poured \$3,600 into raising a house in an area that we know is going to be flooded and that he will have to in fact get to his home and back to the road by means of a boat or something of this nature during these periods, and this is not the solution that this individual wanted. I pointed out to the Minister at that time, Mr. Chairman, that had we adopted the land acquisition policy in the area, had purchased this particular individual's entire property or farm, that we could have purchased this particular farm for about \$10,000 and that we could have sold -- we could have sold the higher portion of this property for \$6,000 or \$7,000 and recovered substantially the money that we would be putting into this program, and that in essence it wouldn't have cost the province any more money than they already spent in raising his home in the same area, but the difference being that they would permanently have solved the problem for this particular individual and others caught in a similar situation.

Mr. Chairman, I do hope that before we get through with the estimates that the Minister will give me some answer and some reasoning behind his whole approach, because surely he must recognize that he has not solved the problem, that he will be paying further grants to these people if we have flooding at any time in the future, and that we shouldn't be putting more dollars in the form of repairs and so forth and damages. We should solve the problem and deal with it once and for all.

MR. FROESE: Mr. Chairman, before the Minister replies, I wonder if he could give me a few figures, because when I heard of the agreement that was consummated and signed last summer, I think the total that was given through the press was something like 84 million -- at least it was somewhere around that figure -- and I still can't find the various items that would total that amount in the book that we have. Perhaps the Minister could give us some outline as to what amounts would go for what purposes and how does he arrive at the total figure that was stated in the papers last summer.

The item that we are allotted for this year, or to approve under this item, is \$2.3 million. How much in total do we intend to spend under this agreement this year? Is this the total amount that we will be spending or are there other sums in other departments so that the figure might be much larger in total?

He mentioned that because of the FRED agreement that certain monies would be freed from the ARDA program and that more of the ARDA money would be spent probably in other localities in Manitoba. He mentioned some of the water drains, and the Hespeler was one of them, and I wish to put on record that the people in our area really appreciate the work that is being done in connection with the Hespeler floodway and also the work that is to be done this coming year. I wish it only would be extended two or three miles further and I think the whole problem would then be taken care of.

(MR. FROESE cont'd.) Now the way it is going to be left is that there is another two or three miles which should be taken care of and then the whole project would be finished in my estimation. I wonder if he could give me some of the figures that I was asking for.

MR. ENNS: Well, Mr. Chairman, I am happy to have the opportunity to what I hope might be concluding my remarks on my estimates.

With respect firstly though to the Honourable Member from Brokenhead, I think he did, either through a slip of the tongue, indicate to us that he really was referring to possibly an individual's problem, and I know that he knows that I know that he's referring to a very small group of problems along that particular portion of the road. I'm aware of it. I'm also aware that this is a problem basically caused by the ice jams on the Red River that cause this flooding. It is a situation - and I will admit to it that the solution to it hasn't been completely found because it is one of these situations where it falls between the stools of two areas of responsibility, whether it is lake flooding or Red River flooding. For the purposes of administration we of course have to draw a line somewhere, and as is the case when arbitrary lines are drawn, it's quite possible that somebody gets hurt.

The matter of the compensation, the Red River Valley Board's compensation is not intended necessarily to cover entire moving costs. It is a grant, it's a repair grant or a moving grant. We have undertaken a large program of this kind in the Red River Valley in placing buildings on plateaus and ring dyking and so forth, not necessarily covering the whole cost. It's a help, and I think to those that have been involved they have to regard it as such. I know for instance of two instances where two hotels are involved in the Red River Valley that cannot be helped or recompensated in full under this program. I use this argument only as it relates to his suggestion that the help forthcoming from the Red River Valley Board doesn't compensate in full for the cost incurred.

A further thing that I should have to remind the Honourable Member for Brokenhead is that the program of land acquisition is based primarily for alternate land use. This is an inherent principle within the ARDA or the FRED program and it's not simply a matter of buying some land because a person is in trouble. It would be very nice if we could do that. The justification for our acquiring large tracts of land in these areas is primarily for alternate use for wildlife, for recreation or other things. That is the justification behind the purchase of this land, coupled with the idea that it does in many instances solve some of the relocation problems, it does solve some of the hardship problems experienced by the individual.

With respect to the Honourable Member for Rhineland who wanted some further figures as to breaking down the actual dollars and cents that were bandied around, or that were published in the papers at the time of the FRED signing at Arborg, I wouldn't mind, and perhaps this might be as good as any time to give him some indication of how these things break down. Very roughly, the figure of \$85 million is extended over the next 10 years and I ask the honourable members to keep this in mind. It is a 10-year program involving the full and accelerated provincial contribution as well as the federal contribution, and breaks down into these rough categories: \$26.7 million for schools and education; \$28.6 million for adult education programs - we have identified the major difficulty in the area as being perhaps more a lack of mental resources in terms of skills within that area and you can understand the very heavy emphasis placed on manpower and adult education within this region, and a great deal of it of course is directed to our native and Metis population in that area; \$27.5 million for resources improvements and \$2.2 million for administration. We often talk about the heavy hand of administration in these programs. I can assure the honourable members that in a program of this size, this scope, the administration costs that are attached to the program are very much within reason, very much in line in terms of the total program that they are being charged with in administrating.

I might give you some further very brief facts about the program. We have for instance in this past year some 717 actual persons involved in the various different programs of adult training. Farmers have undertaken to clear - and this is already a fact - some 45,000 acres of land under this program. The Winnipeg Beach property has been acquired and redeveloped in the year 1967-68 which will improve and bring back to the, not only to the residents of that area but certainly to the residents here within the Metropolitan area of Winnipeg, bring that back into day use, bring that back into prominence as a place where so many Manitobans have enjoyed summer vacations and summer holidays. Some 147 people were involved in Manpower Corps during the community development projects. Drainage programs underway on all the

(MR. ENNS cont'd.) major water control programs under the agreement. There is a very heavy input into roads within the region, some \$2 1/2 million at one point in the next two years; \$1.3 million in this current year.

So I suggest to the Honourable Member for Rhineland that these are the figures as they break down. I appreciate the fact that they are somewhat difficult to follow in the estimates because they do re-occur in the estimates of the other departments, the department of my honourable colleague the Minister of Education or my honourable colleague the Minister of Tourism and Recreation, and later on in my own estimates as the Acting Minister of Highways and Water Control these figures will re-occur, but certainly I would be prepared to either individually supply some of these figures in a put-together form if that is what the honourable member wishes.

In the matter of sharing, it may be of interest to the members of the House, the actual sharing arrangements that were negotiated with the Federal Government with these programs. Our administration costs are shared two-thirds by on-third. This is the sharing of the Federal Government paying the two-thirds portion. I'll read you just a few more of these general sharing arrangements arrived at. In the field of General Counsellors, 90-10 arrangement with the Federal Government carrying the major portion. In the item such as land clearing it is 75-25 percent. In the area of recreational development it's 60-40. In the area of land adjustment it is 75-25. The recent establishment of the Industrial Park at Selkirk is a 50-50 sharing arrangement. So with these few comments, Mr. Chairman, I hope that I have managed to portray some of the basic ground rules under which the game of FRED is played in the Inter-lake.

I have to express a very very optimistic future about the program. It's a program that I personally feel is one that I would like to suggest very seriously to the Federal Minister, the Honourable Maurice Sauvé, when he comes to carry on further negotiations about future ARDA programs within the province, because I certainly recognize that basically the same kind of programs at a time when our resources can stand them should possibly be extended to the Westlake, the northwest portion of the province as well as to the southeast portion of the province where we have very much similar circumstances, similar conditions of people attempting to find their happiness in life here in Manitoba under what would have to sometimes be described as marginal conditions, either in resources available to them or indeed in opportunities available to them, whether it's a matter of personal skills, development of personal skills, development of upgrading generally the educational opportunities within those areas.

MR. FROESE: Just one question, and that is, does the \$26.7 million for schools and education, and \$28.6 for adult education, does this include any capital costs?

MR. ENNS: Yes, it certainly does.

MR. USKIW: Mr. Chairman, I want to point out to the Minister that I did have in fact alternate land use in mind when I was referring to this area. There's a large section of this area that is only suitable for game and this is really what I have in mind. But apart from that, I wonder if the Minister would answer a question that I posed to him yesterday dealing with moving grants. If the government is not prepared to adopt other programs to solve the problems, are these people still eligible to receive moving grants as they were a year ago?

MR. ENNS: Yes, Mr. Chairman.

MR. CHAIRMAN: (a)--passed; (b)--passed; Resolution 18--passed. That completes the Department of Agriculture. Incidentally, that completes five departments in 44 hours -- a little more. We have 12 departments left and 36 hours. Department XV - Provincial Treasurer.

HON. GURNEY EVANS (Provincial Treasurer)(Fort Rouge): Thank you, Mr. Chairman. I shall endeavor to set an example, Mr. Chairman, at least in my opening statement, because there won't be one. I think the policy of the Treasury has already been debated in the debate on my budget, but I shall want to provide all of the information that I can as fully as any of the honourable members would wish on either the context of the department or any particular or detailed questions concerning the accounts, the finances, the fiscal matters of the province.

One positive statement I would like to make would concern -- I think I'd just better give a quotation from Winston Churchill which struck me as a very fine piece of writing although he wrote it before the turn of the century. He must have been a very young man. "It often happens that in prosperous public enterprises the applause of the nation and the rewards of the sovereign are bestowed on those whose offices are splendid and whose duties have been

(MR. EVANS cont'd.) dramatic. Others whose labors were no less difficult, responsible and vital to success, are unnoticed." I think that expresses very well the position in which our very skilled and devoted civil servants find themselves in the Manitoba service, and I want to pay tribute to those with whom it is my privilege to be associated in the Department of the Treasury and to thank them publicly for a good many qualities, not only their hard work and their skill but their integrity, because perhaps the fiercest arguments I have are with members of my own staff who by that device prevent me from making mistakes that I otherwise would make, and I do extend my thanks to them on this occasion.

If it suits the convenience of the committee, Mr. Chairman, I would welcome questions according to the sections of the estimates, and if we were to follow down one item at a time I will endeavor to provide whatever information the committee would like.

MR. MOLGAT: Mr. Chairman, my comments will be about as brief as the Minister's as well. I agree with him that the normal discussion here takes place on the budget.

I would hope, however, that he might now clarify some of the figures outstanding from the budget which in my opinion were not fully clarified at that time, and I'm referring specifically to the returns from Ottawa. If he will recall on his reply on the closing of the budget debate he gave us further figures, but when we attempted to relate them to the actual figures in the budget statement there seemed to be some discrepancy. So I would hope that during the course of the discussion of these estimates that we can have the exact figures - I regret I have not got my budget statement here, I will go and get it as soon as I complete my comments and come back - and I hope this can be discussed before we leave the department. What I would like to see then is a complete breakdown of exactly what funds we are getting from Ottawa, what we received last year and what we expect to receive in the coming year.

I'd like to know from the Minister as well if he'd give us up-to-date figures now on the redemption of the Treasury bonds or the savings bonds. Last year I had an Order for Return giving us the figures month by month, and if it were possible to have that brought up-to-date - I presume that the figures are kept in that way in the department - it would be useful for the members of the House to be able to follow through the status of the savings bonds.

There's one figure in the estimates of this department that has me concerned, and that is the unconditional grants to municipalities, local government districts and areas. I see there a drop from \$3.5 million to \$2.8 million and I would hope that the Minister will give us an explanation for that change. The unconditional grant has become a very important factor for certain areas, in particular in the - I suppose in the majority of the municipal budgets it's not any longer a sizeable portion of the budget while obviously not negligible, and anything that they receive is gratefully appreciated - but for certain areas, and in particular the local government districts, the unorganized areas of the province where there isn't a mechanism for the raising of local funds, the unconditional grant does become in those areas an important item of local improvement. It is used in many of the areas as a method of getting shared grants, for example where there is some local road construction to be done, there is no municipality to do it and there's no means of raising the funds. The normal practice in the past has been to have the settlers, local people put up part of the money and then the department matches the Highways Branch - or Public Works matches that amount for construction. This has been done as well for drainage. There are certain areas in the province where some local committees have taken over this responsibility.

The same thing occurs for snowplowing on the local level, and this unconditional grant has been used by the local committees as one source of funds, and having this as a base many of them can then proceed and get local contributions, voluntary contributions from individuals who want some particular work done. But having that base gives an original structure to a local committee and I would look with deep disappointment at any reduction in this type of grant. I don't know why the grant should be down this year because normally, or in the past, we have looked forward to a steady increase in this amount as the Provincial Government got more money from Ottawa. This was I think the origin of the unconditional grants but it was moneys received from Ottawa and transferred directly to the municipalities by the province. Now the decrease this year would indicate a change in government policy, and I would like to know from the Minister exactly what the intentions are.

MR. CHERNIACK: Mr. Chairman, I want first to encourage the Honourable the Provincial Treasurer to look at the bright side of things in considering his role as Provincial Treasurer and not worry too much about what Winston Churchill has said that may make him feel that not

(MR. CHERNIACK cont'd.) only his staff but he himself are not receiving the proper credit to which they are entitled to as public servants. I am sure that his role is appreciated by all of us, unpleasant though it may be for him. I should in passing, though, indicate that as much respect as I have for him and the work he is doing in his department, one must recognize the quality of his staff and I want to pay tribute along with him to his staff and to the Deputy Provincial Treasurer with whom I would not like to do without if I were in his position.

There are just a few questions I would like the Provincial Treasurer to clarify. One is that I have not yet found in his reply on the Budget Speech what I would consider an adequate response as to the reason for the substantial drop in the expected income from mines and resources from the royalties, a drop from 4.1 million to 3.8 million last year to 2.4 million this year, and I'm trying to recall whether he attributed that to certain incentives, but I would have to ask him to give me a fuller explanation so I could really comprehend the reason for this drop.

Now, other items that I would like to have dealt with are - and I'm giving them all to him now so that he can give them back to us whenever he pleases - the item dealing with insurance premiums is an increase from 75,000 to 112,000; I'd like a breakdown. I'd like to ask the Honourable Minister who is the recipient; how it's decided as to who are the agents involved; and does this cover only automobile insurance or otherwise; and since he took over as Provincial Treasurer did he change any of the agents that have been selected by the prior Provincial Treasurer, who said at one time that this was his responsibility and he assumed full responsibility for having picked them. So may I ask the Honourable Minister to give us that breakdown and indicate changes that have been made since he took over. And dealing specifically with insurance, he knows that I've already expressed an interest in insurance coverage which has apparently been taken out by the government covering buildings, and particularly buildings of the Liquor Control Commission. I'm not clear on just how it was handled but apparently the excess of coverage over half a million has been insured through the government's insurance plan, and specifically insurance premiums of \$5,327.29 or 28 cents per year have been committed for this year, next year, and the following year. And in that respect I would ask to whom these premiums are being paid, the basis on which it was ascertained the amounts payable, if it is being paid to other than another government agency, whether it has been placed with any insurance company or insurance agent, and if so how was that company or agent selected, whether it's by tender or quotation or otherwise. And if my question isn't clear enough, then when the answer comes I will elaborate on that.

I'd like also if the Minister could explain the item dealing with Special Studies of \$100,000, how much it was last year, and just what is contemplated. And down near the bottom of his list under "Refunds" there's an increase expected from 200 -- am I going too quickly? -- increase from . . .

MR. EVANS: . . . ask my honourable friend and that is the amount of the insurance premium he quoted was \$5,300 dollars or was it 6,300?

MR. CHERNIACK: \$5,327.29 payable on January 1, 1968, and the sum less by one penny payable on each of the dates of January 1, 1969 and 1970. Reporting from an Order-in-Council - No. 348 I think it is, approved March 18, 1968, dealing with fire insurance. Is that sufficient? Yes.

Now the other question, dealing with refunds there's an increase from \$225,000 to \$325,000. I'd appreciate an explanation. I don't know if this is -- I don't believe it's refunds in connection with receipts from the Federal Government. It might be school tax rebates - it isn't that either, but in any event we'll get an explanation as to what they are and what the increase is. And finally, I too am interested in details on the unconditional grants, how they're made up, what their formula is, and the reason for the reduction.

MR. FROESE: Mr. Chairman, my remarks will be brief too, and in the initial stage I had some of the items that have already been mentioned by the two other speakers listed, and as we will get the information I might have some further questions on it though. One of my main questions has to do on the item of taxation. Is this the item that pays for all the sales tax, or revenue tax as it's now called? Is this the cost of collecting that tax or on what basis are these people paid? Are you just holding back certain amounts of the tax money that they receive, or what is the situation? And if so, if that is the case, where do we spend the one million on? What is it being spent on? Is it just for people working in the department? I think this is an item that I would like to have clarified. The matter of bond

(MR. FROESE cont'd.) redemption has already been brought in. I had one or two items under the revenue statement but I will bring in these a little later.

MR. CAMPBELL: Mr. Chairman, I have one general question that I have already mentioned to the Minister in Public Accounts and I would like to have his comments on it at his convenience, and that is the question of showing the recoveries under various of these expenditures. For instance, we do that in some cases in the estimates here already, and it seems to me that on these very large shared programs that it would be helpful to the members of the House in general if the expected recovery were shown.

MR. EVANS: Mr. Chairman, perhaps I could take advantage of a pause here at least to answer some of the questions. The Leader of the Opposition asked me about the reconciliation of two figures which appear in my budget statement in one place in the text, in another place in the diagram or table of figures, and I think the best explanation I can give him is that not all of the recoveries under shared cost programs come from Ottawa. There are recoveries from other provinces and even from private people, as for example in the case of a hospital bill where recoveries are made from somebody outside the province, or a hospital insurance plan outside the province, or other source. In the estimate of revenues, if my honourable friend will turn to the bottom of Page — and I haven't got the number here, but it's under Shared Cost Receipts; in what would be the third page of the estimates at the very bottom, is found the figure \$84,526.00 or nearly — \$85 million rather — and how that figure is made up. Then, if my honourable friend will turn the page he will find other sources of revenue which when added to the 85 bring it up to some 89, in other words, recoveries from other provincial governments, recoveries from municipalities and recoveries from miscellaneous sources. And the details are to be found in the revenue estimates.

The whole matter of discussing recoveries from Ottawa becomes complex when you're discussing it under the headings of shared costs versus shares of taxes. This is a difficult matter to deal with because in the post secondary education aid that we get from Ottawa it's given on a formula based on the income taxes and even on the equalization formula. Now sometimes when we talk about shared cost programs we tend to include this post secondary education, sometimes we don't; and I think the term is inexact. And so it is difficult always to talk about the shared cost programs because we're not quite sure exactly what we're talking about, but I think my honourable friend wants to find the distinction between the two figures mentioned, namely 85 million and 80 million — or rather 89 million — he can find from the revenue estimates at the bottom of the third page and then turn over and get the balance of the 4 or 5 million required to make up the 89.

Now I'd like to continue on with some other figures. With respect to the redemptions of savings bonds, I can tell my honourable friend that of a total amount of \$108 million worth of savings bonds sold from time to time — (Interjection) — 108; 108 is the total of all of the issues to date — there have been redeemed to March 31st last, 64 million-odd, leaving outstanding 43 million. The increase, or rather the decrease in the apparent unconditional grants is accounted for as follows; Every five years the Dominion Bureau of Statistics revises the population estimate, and last year we looked back for the five years since the last census and made additional grants at \$3.00 per capita for the increase in population which has occurred in the meantime but which we had not taken account of in the five years in question. So we made a back payment to make good on amounts that were due to the municipalities during that intervening period. It was charged to last year's accounts. No such back payment is called for this year and so we are reverting to the basis of \$3.00 per capita for the known population in Manitoba at this time.

My honourable friend from St. John's asks a question about the drop in revenue from royalties in the Department of Mines and Natural Resources. We are estimating a smaller amount because we think it's prudent to do so in view of the fact that International Nickel and other people are bringing in mining properties on which there will be a tax holiday for a certain period. I think the Royalty Tax is reduced into half, isn't it, for the first three years. And consequently, if they choose, they may send to their smelter and then the refinery the ore produced at a mine which is still under the exemption, and so we have made an estimate that the royalty in that connection may be reduced in the coming year. We could not get a firm estimate from the company as to what the quantity would be, and we thought it was prudent to reduce our estimate in that connection.

MR. CHERNIACK: Would the Honourable Minister permit an interruption at this point?

MR. EVANS: Why, certainly.

MR. CHERNIACK: I now understand, you mean Royalty Tax. I understood you to talk about other taxes, corporation tax. Well the, the Royalty Tax is the Manitoba tax for royalties and you do have a holiday there as well as in income tax. -- (Interjection) -- I see. Well now, if the Honourable the Provincial Treasurer, who indicated before that he had great confidence that I had ignorance, I'll confirm that to him and ask him to spell out for me just whether it's in an Act or in a regulation that I could find reference to this tax holiday, and if he could indicate where I could find it I'll look it up myself.

MR. EVANS: Mr. Chairman, I will get the reference to the Act, and if necessary the regulations which describe how this tax is calculated and how it applies. With respect to insurance premiums, my honourable friend enquires as to whether the \$112,000 applies -- how it is broken down, who the recipients are, how it's decided who will handle the business, does it apply to automobile insurance only, and have there been any changes in the method in which it's been handled. Beginning at the last question; there have been no changes in the last year when I've been in the Treasury. It applies, this figure of \$112,000 does in fact apply to automobile insurance and I have some further information for my honourable friend as soon as I find it. This is in Item 1 (d) Insurance Premiums \$112,600.00. I think that's the item my honourable friend is referring to. It covers 2,016 vehicles including approximately 800 heavy vehicles such as buses, trucks, road building and maintenance equipment. It's placed with an insurance broker and 15 insurance agents participate. The recipients of the insurance -- that is to say, I assume my honourable friend means the agents who participate in the business, the people who earn the commission for conducting the business. I am sure that's what my honourable friend meant.

MR. CHERNIACK: ... the people who get the commission for the insurance premiums.

MR. EVANS: Yes, for the services rendered. They are ...

MR. CHERNIACK: I said that officially possibly that term was not clear. I meant beneficiaries of the government patronage.

MR. EVANS: Yes, I think what my honourable friend meant was quite clear to me. The business is placed among the agents by the broker, not by the government, not by the Provincial Treasurer. A broker is chosen for the purpose and for as long as I remember it has been handled in the same way. How is the broker, I take it, chosen? -- (Interjection) -- The agents. Well the agents are chosen by the broker and that is the way the automobile insurance business is placed.

My honourable friend asks about insurance on buildings, including the Liquor Control buildings, and refers to an insurance premium of \$5,300-odd per year, asking again how the agent is selected and whether or not the business was placed after tenders were called. I would like to refer my honourable friend to the government insurance fund, and I'll get the exact title in just a moment. The Fire Insurance Reserve Fund, that is the one, and this has been an operation which has been under way for a considerable time and does have a substantial fund. The basic principle is that the government is what is called a "self insurer" up to half a million dollars on any risk. Any excess loss above that is insured under very favorable terms.

Now I have the details of the fund here and its operation. The Fire Insurance Reserve Fund. The number of buildings carried under the Fire Insurance Reserve Fund is 1,885. The estimated value of the buildings is over \$71 million. It has been calculated that if this were insured at regular rates it would cost something in the order of \$125,000 a year in insurance premiums. The average annual premium cost of insuring the buildings under what's called the excess coverage, that is to say of insuring the loss only above \$500,000, is -- the figure I have here is \$6,000. My honourable friend refers to a premium of something in the neighborhood of \$5,300 which is in the same neighborhood. The amount of loss sustained due to fire on buildings and chattels insured under the fund during the period March 31, 1966 to March 31, 1967 was \$13,159, and I have a long statement here of the values of the various buildings and how they're covered. I can tell my honourable friend that beginning in 1944 when the fund was established, the balance in the account at that time was \$579,000-odd and the balance in the fund at March 31, 1967 -- well, why take that one? We've got to have 1968 somewhere. Well the latest figure I have here is March 31, 1967, which amounts to \$678,000, so the amount, or the body, or is it correct to say the corpus of the fund has grown in the interval, and in the meantime the losses have been paid. I think there have been no losses

(MR. EVANS) cont'd.) above half a million dollars; there have been no fires so big that the loss was in excess of half a million dollars, so all of the losses have been paid out of the fund; the premiums for excess coverage have been paid for out of the fund; and the fund has continued to grow. I can illustrate that by running through the transactions of the latest year if my honourable friend would wish, to show how the fund has grown simply by interest on the money less the expenses.

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MR. CHERNIACK: Mr. Chairman, I understood the Honourable Minister to say that the fund has grown whilst losses have been paid and whilst premiums as well have been paid out of the fund. Well, my question was simply: to whom were these premiums paid? And we can go on from there?

MR. SHOEMAKER: Mr. Chairman, I wonder if the Minister, in providing the House with the information, if he would just, if there's only one broker involved surely he can give us the name of the broker, and if there are only 15 agents involved with the broker he could name the 15 agents. Let's have that. It won't take two minutes to read that off.

MR. EVANS: I think my honourable friend is talking about a different item, namely the automobile insurance. I'll be glad to return to that if he wishes. In the meantime I'd like to deal with my honourable friend from St. John's question.

MR. SHOEMAKER: ...information for both, while we're at it. I mean we might as well ... it collectively here.

MR. EVANS: Well, it's similar information if my honourable friend wishes to say so, but not the same. I don't have the name of the broker, or in this case the broker or insurance agent, I'm not sure which, to which the premium and to whom the premium is paid. I'll get it and provide it to the committee. My honourable friend asks for the names of the 15-odd insurance agents through whom the business is placed by the broker. If the information is available to us, to me, I'll provide it to the committee.

MR. CHERNIACK: Mr. Chairman, I wonder if we could stop for a moment on this. I didn't want to interrupt the Honourable Minister when he was dealing with the automobile insurance, but he has the impression, I believe, that the broker - whoever it is - is selected by the government, and the broker selects these various agents that handle the business. Now his impression is not my impression. The impression I have is the impression that I have gained in this very House from his predecessor who, as I recall it, said, "the list of agents is a list for which I assume sole responsibility," and when I asked him the qualifications of these people, he said, as I recall it, "Their qualifications are such as satisfied me," and that was the end of that; so I am now under the impression, contrary to that of the Honourable Minister, that the selection of the agents is in the control of the government, which may pass on his list or indicate his preferences to the broker, and the last time we had a list -- and we had a list; his predecessor gave us a list of the agents and they range from the southernmost part of Manitoba to the northernmost, and I shouldn't really say the "most" because I only recall that they ranged throughout Manitoba and each had a piece of the business, a percentage of the business. The policy itself, as I recall it, was written by the one broker. And the question I now ask, in addition to the names and to confirmation of, or correction of my impression as to the matter of selection, is just how the premium is set. Now we were told before, and I imagine it's still so, that the Superintendent of Insurance negotiates a rate which turned out to be, I think, about the cheapest rate you can get in the province of Manitoba, so that the rate was pretty well determined as a negotiable matter, but -- I call them beneficiaries but call them agents or commission takers, were from a list which I believe is that made up by the government.

Now this other item, which is a large item and deals with \$5,000 to \$6,000 a year in premiums, I think that's quite important that we should have the answer to that. I tried to get it when I asked for an Order for Return, but since I related it directly to the Liquor Control Commission building, I received a nil reply, and on investigation I discovered the reason was that the insurance was actually placed by the Fire Insurance Reserve Fund. But I think that the Honourable Minister would want to know, for his own satisfaction if not for ours, just how is a broker selected, who is the broker and, what is more important I think, is whether there's a tendering or a bargaining or a negotiation or a quotation's requested, or whether it's just placed in some routine way. Now I'm unhappy about the fact that the information is not now available, because if we continue through and complete the estimates of the Honourable Minister, how will we have an opportunity to debate the answers once we get them?

MR. EVANS: ...never failed to reply to a question yet; I think my honourable friend will remember. I've never failed to answer a question yet when I undertook to.

MR. CHERNIACK: Oh no; no. I didn't suggest otherwise, but if we leave this now and we complete the Honourable Minister's estimates on his resolution and he then brings his answers, then it will be out of order for us to discuss them. I've no doubt he'll give the answers but they may be of interest and worthy of discussion.

MR. EVANS: Well, since I haven't it here now, I'm not able to provide it. I'll do it as

(MR. EVANS cont'd)... soon as I can. If it should arrive during the course of our present evening's session I'll read it out at once. If it doesn't arrive, I'm not able to do it if I haven't got it. I'll do my best.

I'd like to tell my honourable friend about refunds which have grown from 200 and some odd thousand to something like 325,000. I can tell him that the year previous, as I see it, it was \$267,000, 49 percent of which was refund by Motor Vehicles Branch, 19 or nearly 20 percent by Mines and Natural Resources, 12 or 13 percent by the Gasoline and Tobacco Tax Branch, 10 percent by the Motor Transport Board, and some 7 percent by others, to which list we must now add the Sales Tax administration, and I imagine while we have, we have indeed made refunds and we've tried to be sensible about the refunds when people were able to show cause why they did not put their tax money in our hands by the 20th, failed to understand the regulations or had circumstances which prevented them from doing so, we have tried to be sensible about it and allow refunds, and so we have made provision here for an increase in the amount of refunds.

With respect to the special studies which are mentioned under, I think it's Item 1(g), that is intended to cover what I call the administrative overhaul of the government machine which is now proceeding. It is only a part of the expense in that connection. It is divided roughly into 75 percent for salaries and 25 percent for expenses of other kinds, and that amount should be multiplied by four. In other words, the provision in the various branches of the Department, in the Administrative Branch, in the Research Branch, the Computer Branch, and one other, the Organization and Methods Branch, there is a total of some \$400,000 provided for this administrative overhaul of the government and the government services. --(Interjection) -- It has now, entering its second year.

MR. CHERNIACK: And is there an indication of how much further, how many more years?

MR. EVANS: As far as one can see ahead, it should be completed in the year that we're in now, in the current year. Now what will develop further than that, we don't know.

MR. PAULLEY: Mr. Chairman, that amount-- if I may interject to my honourable friend, does that mean, then, an overall expenditure of \$800,000 as far as the total cost of the investigation is concerned? If I understand my honourable friend, he mentioned 100,000 now, four times for four departments; that would mean that the special studies over the whole area of government would be \$800,000?

MR. EVANS: The actual expenditures last year were some \$298,000 -- I think it was \$295,000; so the total expenditure is more in the neighborhood of \$700,000 than \$800,000.

MR. PAULLEY: Might I ask my honourable friend, then, what do we expect to receive as a result of this?

MR. EVANS: Well, I'd be glad to give some general outline of this program...

MR. PAULLEY: I don't want to interrupt, Mr. Chairman, at this time anything that the Minister was developing but I would like...

MR. EVANS: No. This was certainly on the topic that we had reached and I was endeavoring to answer the question of my honourable friend here about what was involved in Item 1(g), which is precisely the item under which this should be discussed. It's what I call an administrative overhaul. It's not correct to describe it under the title of "study" because we have said, as soon as we find something to be done, do it; implement it; get it going; start making the savings. There's a type of instruction that I think is called "See and Do" and we have given instructions to those responsible for this operation to, as soon as they see something, do it; get under way and start making the savings in question.

This operation, this overhaul, is being conducted by Treasury officers, and I think it's correct to say that it's unique in the way that it's organized and in the kind of work that it is doing, because I have not heard of an administrative overhaul being conducted in this way before. The Treasury staff is reinforced temporarily by people recruited from the business management field. They are recruited on to the Treasury staff, they are sworn in as Treasury officers, and they are paid direct from the Treasury. We invited proposals from all of the members of the Association of Business Consultants, or whatever the correct title is -- it's the association to which all the business management firms in Canada belong -- and we invited proposals from all of the members of that Association under five headings: proposals as to how this administrative overhaul should be conducted in organization; in financial management; in personnel administration; paper work and systems; and supplies and inventory control. And we got those proposals and examined them, and we stated

(MR. EVANS cont'd) . . . to each of the firms in the beginning, "We don't want your firms. We will not be engaging your firms. We will be engaging your most expert people to become Treasury Officers but we will expect those people to be backed by whatever knowledge or expertise or files or assistance of any kind that can be rendered by the principals of the firm or by the organizations themselves. And so," we said, "we want your men and we want the backing and the advice and the expert knowledge of the firms themselves to back them up. And that is the way in which the administrative overhaul has been conducted and the way it's proceeding.

Well, what has happened to date to give us any encouragement to think that the money, perhaps approaching three-quarters of a million dollars by now, has been worth spending? Well I can tell my honourable friends that the first two items apply to the Treasury itself, and that is that this administrative overhaul discovered that we could relieve the load on the taxpayer by three million dollars a year and still pay off the dead weight debt of the province within the 23 to 24-year period that has been traditional. I discussed this somewhat during our debate on the budget, describing the fact that it was no longer necessary to put in three percent into the sinking fund for savings bonds that had already been redeemed. We had also pointed out that the earnings of the sinking funds themselves had been calculated to be at three percent when they started off but they've been much higher indeed, and there was in fact a surplus there. And altogether those - and I described this in another debate - enabled us to relieve the load on the taxpayer by \$3 million and still retire the dead weight debt of the province in the period prescribed, namely 23 to 24 years. But of course that's only one item, under financial management.

Another item has been the absolute necessity these days of the closest possible control of what's called cash flow, and to make use of whatever funds happen to be in our hands temporarily to earn money or indeed to reduce our overdrafts and other indebtedness as quickly as possible in view of the extremely high rates of interest these days. I suppose the short term money market became available to governments in our position only a matter of four or five years ago. They became active in that way. There are large corporations who have temporary cash surpluses from time to time, and it becomes important indeed to loan out money for as short a period as one day. The rent for a million dollars for a day today is something in the neighbourhood of \$190.00. So if you can rent out a million dollars for a day you've got \$190.00 you didn't have before. And so we have been very careful to forecast the revenues that we expect to arrive in the Treasury day by day for a week ahead, and forecast the expenditures that we must make day by day for at least a week ahead, and then see on what occasions, or what days of the coming week we are going to have any surplus that we will want to rent out for as short a period as one day or as long as 180 or even 360 days. Consequently, on occasions when we have a surplus we have promptly made it available to the short term money market. I'm not aware that we have borrowed in that short term money market on direct government account, although the Utilities have done so.

Now, what have I said so far? I have said that we have established a control over our cash flow which gives us accurate knowledge of the very day when we expect to have surplus funds, and when we have those surplus funds we very promptly either reduce any bank overdraft that we have or, better still, rent it out and earn interest on it.

Then, of course, the next step was to make sure that we bring forward and collect our money as promptly as possible from anybody who owes us money, and this has been a very productive field indeed, because it becomes crucially important for a government to send what in commercial terms would be an invoice. for any amount that's owing to the government at the first day that that invoice can be sent. Indeed it should be sent early enough to arrive on the day that it is due because it's \$190.00 per million per day, and one day for a letter in the mail could cost us \$190.00 per million.

Some of the items we deal with are in the tens of millions, and when I tell you that in a single item in a single month we have been able to bring forward collections to the point where we save \$55,000 in a single month, honourable friends will understand that we are dealing with very practical and very important cash savings in the administration of the Treasury of the province.

Those are but two items in my own department upon which I can report factually, but I'd like to say also that there will be, without the shadow of a doubt, very large savings indeed by the further application of our computer to our accounting procedures on the one side and to scientific investigations on the other. And I mustn't be tempted too far into romancing about computers. I grew up through their forebears, that is, the punch card accounting machines

(MR. EVANS cont'd)... and I knew something about them, but these machines stagger the imagination; stagger the imagination. They do mine. I can say, for example, that our computer in the Norquay Building across the way has the capacity to store 400 million digits of information. A digit, of course, is only one letter or one numeral, but to type that amount of material out double space would take some 257,000 sheets of paper, which stacked up on end would be something over 90 feet high, or higher than the Norquay Building. --(Interjection) -- I'm sure my honourable friend must be a scream at a party. Then it is possible to search this file and expect from it all of a certain class of information in now what is called "micro seconds." That's thousandths of a second; and I hesitate to mention this, but they are now figuring on having these machines work in nona seconds, or one millionth of a second.

Well let me put this into practical terms. When a certain crime occurred in Winnipeg, a description of an automobile was taken, and at a quarter to five in the afternoon the description of this automobile was 'phoned to the Norquay Building, we searched all of the files and recorded all of the automobiles of that description which were registered in Manitoba, giving the serial number of the car, the serial number of the motor, the make and model of the car, the colour, the name and address of the registered owner, and some other particulars. Now this covered 35 sheets of paper single spaced and the request came by telephone at a quarter to five, and the 35 sheets of paper were ready for delivery at ten minutes after five. With an instrument of this capacity -- let me quote another figure that this machine will do. It will take one million figures of eight digits - that would be tens of millions, wouldn't it? - it will take one million such figures and add them up while I count to five. One, two, three, four, five. That's one second. It will add one million such figures in that period of time.

Well now we have an instrument of that capacity now in the Norquay Building, and with the expert advice of the people who are helping us we are going to increasingly use this computer in our paper work systems in the province, first of all to give us a kind of speed in getting out our figures which will enable us to collect money, among other things, and will enable us to save money; and more particularly in the scientific aspect of some of our government work. It's very important to figure, for example, alternate bridge designs to find which is more economical, or alternative routes for a road to find which would be cheaper to build, and alternatives of that kind, and to make better business judgments than has been possible to do. I can only give now a general description of the kind of benefit that we expect from the use of that computer, among other things, in our administrative system because the work has not been completed, but we have at least 80 programs on the computer now and these economies and better administration will show up as the months and the years go on.

MR. PAULLEY: Do we own the computer?

MR. EVANS: Yes. The computer in the beginning was put in on a rental basis, but the rental was all saved up and is now applied to the purchase price, and we are in process of purchasing the computer. -- (Interjection) -- I beg your pardon?

MR. PAULLEY: Would the overall cost, Mr. Chairman, has the Minister got an indication of the approximate cost when we have...

MR. EVANS: ...have an approximation of that total cost, I'll see if I can find it as I stand here.

MR. PAULLEY: I'm sorry to interrupt.

MR. EVANS: Not at all. I'd like to be able to find it. I have, of course, the amounts that are to be paid in the current year but that's not the question my honourable friend was asking. However, in the meantime, while I'm looking over the rest of these sheets I would like to draw his attention to the fact that because the amounts to be spent by the computer center, as shown in the estimates, exceeds the amount of recoveries from other branches and other departments, the reason for that is that the difference is the payments that are being made to buy the computer. So we are acquiring ownership of the computer for the additional amounts that are shown in the estimates. I have not been able to discover the total costs of the machine but I expect...

MR. PAULLEY: Mr. Chairman, I'm sure my honourable friend will before we're finished with his estimates...

MR. EVANS: ...I expect to be able to get it and will be glad to tell the Committee as soon as I do. I've seen it but I don't recognize it in these papers before me now.

MR. PAULLEY: Fine.

MR. EVANS: Well those were the main points, as I gather, that were raised by my honourable friend from St. John's. My honourable friend from Rhineland asks how the people, the

(MR. EVANS cont'd) . . . vendors who collect the sales tax for the government are paid. They are paid three percent of the first \$200.00 tax which they collect, and two percent above that. That's the basis on which the vendors are paid.

And then he asked for some description of the additional amounts that are added up here as the cost of this department, namely a total of one million and nine dollars. Well, perhaps I can give my honourable friend a general description. If he wants more particulars, more details, he will ask me and I'll be glad to try to do it, or try to give it. In the total of salaries we include the -- following is the administrative -- well, first of all there's the Assistant Deputy Minister and his office. The administrative section, consisting of administrative officers, clerks, accountants and others, there's a total of \$83,000; the audit section is \$35,000. I'm talking about the whole -- this is the whole Taxation Branch, not merely the sales tax.

MR. FROESE: Mr. Chairman, what I was interested in is to get some idea as to what it costs the government to collect this revenue tax, or the sales tax. As it was pointed out, apparently these monies are held back and therefore we have no record of knowing just what it costs. Could he tell us what it cost last year for the nine months and what they expect it will cost for the ensuing year?

MR. EVANS: I understand my honourable friend, then, wants to restrict his question to the, what is called the Revenue Tax Department or the Sales Tax Department. We do not show in the expenses, if I'm right, the collection, the tax, the commission that's paid on tax. That is deducted from the revenue that comes in. Consequently, we show as revenue from the Sales Tax the net amount after the deduction of the commission to which the vendor is entitled. But above that, there are the expenses of the Department, and they are quite substantial. For personnel of all kinds - I don't know whether my honourable friend wants it broken up, but the administrative section costs \$93,000 salaries; the audit section \$130,000; the compliance section - those are the people who visit with the vendors and help them with their accounts and check them - \$183,000; or a total of those personnel of \$407,000, to which of course must be added the details of sundry expenses, what used to be called supplies, equipment, expenses and renewals - wherever that title came from - which amount for automobiles, advertising, books, newspapers and periodicals, data processing - that's the amount that's charged to the Taxation Branch by the Computer Branch and that's 75,000 - printing and so on, \$297,000. So if my honourable friend will add together the expenses of some \$407,000 and add \$297,000 for equipment, he'll come to pretty well the expenses of the Sales Tax administration. I hope that answers the question.

My honourable friend from Lakeside raised a point on which I think he and I agree, and that is it would be a good thing to show the recoveries from all sources, particularly from Ottawa with respect to the expenditure estimates. This business of gross accounting is a very difficult one to handle. It's everlastingly we're saying, "Well here's some money we can save," and then we suddenly discover, well somebody else is paying half the bill anyway so we'll only save half as much. And by the same token we are led up the garden path a little bit by saying, "Well, here's some money from Ottawa," and we sometimes tend to forget that we had to put up an equal amount ourselves. I am not able to say at this time what I think we can do for next year's estimates, but I once before agreed with the principle that he raised and I'm going to see what we can do to provide, either in the printed estimates or by a separate tabulation to be provided with it, for recoveries so far as they can be allocated. It's a complex matter, and I'm sure my honourable friend will understand that when one is given certain fiscal allowances, that is to say a certain number of points on the personal income tax or on the corporation income tax, and then something by way of equalization, and all of that money is allocated to post-secondary education but at the same time our accounts are divided between the university on the one side and the technical schools on the other, it becomes very difficult to assign to a particular expense account the relevant assistance that we get from either Ottawa or any other source. So I did want to point out that there are difficulties, but I agree that we should provide and I would want to provide all of the information possible.

Now I'd like to tell my honourable friend from St. John's that I have here the -- in connection with the renewal of the insurance on the motor vehicle fleet, the following agents participated in 1967-68: Armstrong and Taylor Limited, Winnipeg; Lorne Begg Insurance Agency, Winnipeg - and my honourable friend will find it on the . . . ; W. H. Barker Agencies Limited, Brandon; D. MacDonald Agencies Limited, Winnipeg; R. C. McKibbin Agency, Winnipeg; Harry Price (Manitoba) Limited, Winnipeg; Frank Blackburn, Flin Flou; R. E. L. Love Insurance

(MR. EVANS cont'd.) Agency, Dauphin; Erskine Struthers, Winnipeg; Warren, Still and Johnstone Limited, Winnipeg; Sigur Wopenford, Arborg; James E. Cox Agency, Winnipeg; Interlake Insurance Agency, Gimli; Ball Realty, Transcona; Wareham's Agency of Rivers. Those are the names of the agents my honourable friend asked for.

MR. CHERNIACK: I appreciate the information given. Could the Honourable Minister indicate do they each get an equal share or is there a different proportion given to them.

MR. EVANS: I don't have that information here and I'm not aware whether it's . . . If it is a matter of some point with my honourable friend I'll make special enquiries.

MR. CHERNIACK: . . . just interested whether — I don't fully understand whether they are different companies for whom these people are agents, and therefore whether they get equal split of the total \$112,000 in premiums or whether there's a different proportion, say 10 percent for one and two percent for another.

MR. EVANS: I am not aware of the division; I have never looked into it. I don't know myself. If my honourable friend would like to have some special enquiry made I'll make it. I am not sure whether it's even. I understand it's not an even division. I'll enquire as to what the division is, what the sharing is.

My honourable friend asked about the excess insurance on government buildings, and I have here the note to the effect that Order-in-Council No. 348 — and I think that's the one that my honourable friend referred to — authorizes payment of \$5,300 annual premium from the Fire Insurance Reserve Fund. It covers the excess insurance on government buildings for losses in excess of \$500,000. "The existing fire insurance on government buildings is due to expire on December 31, 1967." This is a memorandum dated last November. "This insurance covers the inner service buildings including the Government Liquor Control Commission with a total value of \$61,706,191.00. It provides \$3 million in excess of \$500,000 deductible." In other words, we cover the first \$500,000 and the insurance will pay anything up to \$3 million above that. "Proposals for a three-year term beginning January 1st, 1968, have been received. It was awarded to Armstrong and Taylor, whose company is the Great American Insurance Company, whose rate is 2.59." The insurance premium is \$15,981.85 which is the lowest of the 1, 2, 3, 4, 5 bids which were received. "Armstrong and Taylor proposal meets every requirement and it covers" — and it specifies here the losses for \$3.5 million which includes the \$500,000 deductible. So I tell my honourable friend that five bids were received; Armstrong and Taylor won the award with the lowest tender.

MR. CHERNIACK: I appreciate that information, Mr. Chairman. I am pleased to note that the firm is one which is not known for its Conservative leanings since one of the substantial members of the firm is now counted as a prospective candidate in Winnipeg South. I am interested in knowing whether . . .

A MEMBER: A fellow by the name of Richardson.

MR. EVANS: . . . knowledge of the insurance business is also faulty but . . .

MR. CHERNIACK: Well, I thought it was the James Richardson group but I'm obviously wrong. Well then we'll have to look further into whether or not it is. I appreciate the Provincial Treasurer pointing out to me that I may be in error. May I ask whether the five tenders were received on a quotation basis on invitation or whether it was by advertisement; and also whether they are acting as brokers for other agents such as they appear to be involved in in connection with the same way as the insurance for motor vehicles.

MR. EVANS: I'll enquire. I haven't got that information here. Now I think those are the -- are there other questions I failed to answer?

MR. FROESE: Mr. Chairman, I have a number of minor questions in connection with the estimates of revenue for the ensuing year, and if I might point to certain items on Page 3 we find under Treasury here, No. 1 (e); you mention individual income tax, corporation tax and related equalization tax amounting to 11.9 million. We also have those same items headed previously under (b) and (c) and (a) as well. Why do we distinguish here — why do we have two sets of figures for these purposes? Is this because we instituted an income tax, an additional income tax later on? I recall that we instituted an additional income tax some two or three years ago. I am just wondering whether this is because of that.

Then going down to item 2 (c), Insurance Corporation Tax amounting to \$2,150,000.00. What is the percentage? Are we still working on a two percent of premium? -- (Interjection) -- That's still the same. Thank you.

Then going down further under the Revenue, Government of Canada Revenue, here under

(MR. FROESE cont'd.) item 3 marked "Education" we have capital recoveries of 8 million; continuing programs at 4.3 million; and residual post-secondary education at 8.6 million. What is the basis of these grants? Are they all 75-25, or could we have those percentage figures for these items?

A further question is under Manitoba Hospital Commission. Last year we received, or estimated some 31.3 million under this item which represented roughly 50 percent of the costs of the Hospital Commission. The Hospital Commission was estimated last year at 62 million; this year we are calculating or estimating for 38 million. What percentage will this be of the Hospital Commission cost for the ensuing year, because nowhere do we find that in the estimates at the present time. I have some further questions. Would he like to answer these first before I . . .

MR. EVANS: . . . the Hospital Commission, Ottawa's contribution is 50 percent. I think it would be handy if I discussed with my honourable friend the particular questions. I'm afraid I lost the thread with respect to his first question in which he asked why a certain item or certain title appeared in two places. Would he help me by repeating that question?

MR. FROESE: Yes. The first one I mentioned was under item 1 (e) where we have the three different taxes totalling 11.9 million and we listed the same items previously - corporation income tax, individual income tax, in much larger figures. Why do we separate these from the above? Naturally it comes under (e), Education, but I would like to know from the Minister why you separate these from the . . .

MR. EVANS: Well they are really two separate arrangements with Ottawa. We have the Tax Collection Agreement in effect with Ottawa under which by different amounts - and they grew from year to year - Ottawa would collect all of the personal income tax and the corporation income tax and then under present circumstances they retreat, as it were, from 28 percent of their tax. They reduce their tax by 28 percent and say to Manitoba, "Okay, if you want to go ahead and tax that 28 percent, go right ahead." But we said, "We'll do more than that, we'll add another 5," and consequently Ottawa taxes for us some 33 percent of their total collections of the personal income tax.

The percentage points that they collect for us under the corporation income tax are a little different but the theory is the same. They abate 9 percent of the corporation income tax and we add a further 1. But they collect it for us and remit it to us.

Then we came to a separate arrangement with Ottawa altogether, an arrangement for assistance to the provinces for what's called post-secondary education and they offered alternative arrangements. I'm speaking from memory now but I think they said they would give either something like \$14.00 - \$17.00 per head or a certain percentage of the personal income tax and the applicable equalization payment, and there's one other factor which works out to something called the residual payment. But it's by way of a separate agreement for undertaking -- or offer by Ottawa to support post-secondary education that this fiscal support for post-secondary vocational and university education is calculated on the various taxes. The amounts are shown here that the percentages agreed to yield to Manitoba on the individual income tax some 7-3/4 million, on the corporation income tax about 2.2, and on the related equalization - that is the equalization formula is applied to those collections as well - and to the extent that those collections fall behind the average in Canada they are brought up to the average.

Now this is a very complex calculation that's gone through by experts, but I think I am right in saying that's the theory on which it is done. And those amounts are specifically set aside, based on those taxes, for the support of secondary education; the others are not. It's as a consequence of two entirely separate arrangements, using it's true the same taxes as a base but two entirely separate arrangements, two entirely separate agreements, that these two kinds of sums are made available to the province by Ottawa.

MR. FROESE: Turning to the last page now, under the heading "Municipalities" we have item 6, Urban Development and Municipal Affairs, 1.108 million. Could the Minister give us some explanation on this one item?

MR. EVANS: These are amounts that are returned to the government by reason of many different kinds of agreements. These are amounts that are returned to the government by the department, or through the Department of Urban Development and Municipal Affairs, and they may include almost any kind of a payment that is due to be returned to the government on a cost-shared program. It may well be that the government has made advances which are being repaid. In some cases advances are made for the provision of sewer systems and water supply,

(MR. EVANS cont'd.) and when the amounts are returned to the government or interest is returned to the government on account of those amounts, they are added up and placed under these accounts. I haven't got an analysis of these particular amounts here or what constitutes the one million. -- (Interjection) -- Yes. Can I have an analysis of the -- my honourable friend refers particularly to item No. 6, Urban Development and Municipal Affairs. Do I understand that he has no particular interest in the other items? In which event I'll be glad to supply an analysis or list as far as I can of the items under No. 6, Urban Development.

MR. SHOEMAKER: Mr. Chairman, I'd like for just a brief moment to get back to the item that we started discussing an hour ago or so and that's the \$170, 117 under 1 (d), the Insurance Premiums. I understand that the \$112, 600 is specifically the premiums on 2, 016 vehicles owned by the government. That's one single item. Now it's quite evident that either we have a huge increase in the number of vehicles or there is a - what - a 40 or 50 percent increase in premiums and I think we should have an explanation of that.

I was interested too, Mr. Chairman, in the remarks of the Minister as respects the way that the brokers are elected or selected and the way that -- I'm still at a loss to know how it was that 15 insurance agents shared in the business done by this broker. Now why is it for instance that an agent at Gimli, I believe, got a share of the business and one out at Arborg got a share of the business, one at Dauphin, one at Flin Flon, and lo and behold a little agent out at Rivers - not a little agent, he's a large agent physically - a fellow by the name of Matt Wareham.

Now how is it that I just happen to know that he was Returning Officer for Hamiota constituency for the Tories, and Vice-President of Marquette for the Tories, and an executive member of the Hamiota Conservative constituency? Now I don't suppose there's any connection at all on that, but it does smell a little strongly of pork. No connection I guess -- (Interjection) -- Pork barrel? Well maybe. I thought it smelled a little strongly of pork. Now my question is specifically this. When a broker has finally been settled on - and I still don't know whether they call tenders for the broker or not - but when a broker is finally appointed, what instructions are given to him to say: "Now listen, in consideration of you getting \$112, 000 in premiums, there must be a clear-cut understanding that these 15 agents share in the business"? Now I suspect that that's done because I think 13 out of 15 are very closely associated with the Conservative Party, and before my honourable friends get up and say that we did it, we did it, two wrongs does not make a right, and three wrongs does not make a right, and 40 wrongs does not make a right -- (Interjection) -- And 40 wrongs does make a right, my honourable friend say. Well, anyway, anyway, I never sat on the government side of the House and I don't expect to share in the insurance business.

A MEMBER: You never will, either.

MR. SHOEMAKER: Never will share in the insurance business; and I'll tell you what; I'm not going to starve to death if I don't, but it is an interesting point and I would like my honourable friend to explain to the House why is it that 15 only share in, and what instructions does the broker get in this regard? Surely he must, surely the broker must get instructions from somebody in the government. Now -- (Interjection) -- Pardon? My honourable friend who helped me out this afternoon, the Leader of the NDP, he says sure they get instructions. Now does my honourable friend want to tell the House of one other insurance agent that had some connection with the government? Would you like to hear that? In case you didn't know? Harry Price Agencies in Winnipeg. I suspect that a fellow by the name of Harry Price is associated with Harry Price Agencies. I would suspect that, by the name. And I would also expect that the Honourable Minister of Labour knows him fairly well. Where is -- there he is, over there. -- (Interjection) -- Never heard of him, eh?

MR. CHAIRMAN: Order, please. We haven't got time to rehash the political situation again here tonight. Would the honourable member go on with his question on Item . . .

MR. SHOEMAKER: We haven't got time to rehash it? We've got time to, in the next two minutes, to ask why the insurance premiums have gone from \$75, 000 to \$112, 000. We don't need a computer. We don't need one of these "see and do" machines to note what the difference is here. It's exactly \$37, 600 increase, and this is the point that I'm talking about. I'm not only seeing but I'm doing. As the former Premier used to say, you have to identify and eliminate. Now I have identified, I have identified a situation here that smells strongly of pork and I would like to eliminate it. I don't suppose that I will in the next minute or two. Now . . .

MR. LYON: Mr. Chairman, I've already identified the honourable member and I'm now

(MR. LYON cont'd.) going to eliminate him. I move the Committee rise.

MR. CHAIRMAN: Committee rise and report. Call in the Speaker. Mr. Speaker, the Committee of Supply has adopted certain resolutions, has directed me to report progress, and asks leave to sit again.

IN SESSION

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

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

MR. LYON: Mr. Speaker, I beg to move, seconded by the Honourable the Provincial Treasurer, that the House do now adjourn.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried, and the House adjourned until 2:30 Wednesday afternoon.