

THE LEGISLATIVE ASSEMBLY OF MANITOBA

2:30 o'clock, Friday, April 26th, 1963.

Opening Prayer by Madam Speaker.

HON. DUFF ROBLIN (Premier) (Wolseley): Madam Speaker, before you enter on the proceedings of the day, I wonder if I might have leave of the House to make my Budget Statement at this particular time and after that has been made then we can proceed with the regular order of business on the Order Paper.

If there is no objection from any members of the House, I will take it that leave is granted and I will proceed with the Budget Statement.

A MEMBER: We might need a prayer after.

MR. ROBLIN: Well, we need prayers before and after.

MR. GILDAS MOLGAT (Leader of the Opposition) (Ste. Rose): Madam Speaker, I would like to inquire, it will be the intention then to proceed with routine proceedings, I presume?

MR. ROBLIN: It will be the intention to start right at the beginning and work our way through.

BUDGET SPEECH

Madam Speaker:

For the fifth time, it is my privilege to move consideration of the requirements of Her Majesty's Government in Manitoba for another fiscal year.

I propose to consider at once Manitoba's economic situation as a background to our policies and programmes for the new fiscal year, the first of this new Legislature. The recently completed report of the Committee on Manitoba's Economic Future gives added significance to this review at this time. The Budget will reflect the continuing application of the policies expressed in our programme to meet the current and anticipated needs of our economy and of our people.

The Economy

The new strength of the economy in 1962 was attributable in substantial part to the good results in agriculture in this Province and elsewhere, and a brief review of the highlights of the agricultural record over the past year will serve to emphasize this.

In contrast to the drought in 1961, weather conditions were favourable overall and contributed to the achievement of the largest aggregate harvest on record. Livestock production was somewhat lower after the unusually large marketings which resulted from the feed shortage in 1961, but prices now have partly off-set these quantity reductions. The net value of agricultural production in 1962 is now estimated at \$300 million - the highest level ever recorded for the Province. The renewal of strength is clearly reflected in the fact that the net value of output per farm rose from \$4,800 in 1961 to over \$7,000 in 1962. Production in grain crops alone rose from 72 millions in 1961 to a new record of over 200 million bushels last year.

Crop conditions, however, were not uniformly favourable throughout the Province. Severe hail storms in a limited area of south-western Manitoba and excessive moisture in the Red River Valley and in a substantial area west and north of Winnipeg affected harvests. Fortunately, many farmers in some of these areas had availed themselves of crop insurance which proved its worth in aiding the affected farmers to maintain their economic position. This year, the crop insurance programme will be extended to add an additional test area and thus insurance coverage will be available to about 30 percent of the farmers of the Province. In total, more than \$9 million in coverage was provided in 1962 to some 4,400 farmers.

Our programmes of investment in agricultural research are proving their value for the farmer and for the economy generally. We will be providing, in the year ahead, over \$1 million in further support for specific research projects and facilities at the University. We will also be initiating a soil and feed testing service at the University of Manitoba which will help farmers increase efficiency.

Since its inception, we have committed over \$18 million in credit for farm enterprise through the Agricultural Credit Corporation. Loan repayment experience to date shows that 98.1 percent of outstanding credit has been repaid on time and that less than 2 percent of repayments are in arrears, with the majority of the late payments outstanding for less than six months. This favourable record is particularly significant when one considers the extreme drought conditions that prevailed in 1961. The excellent repayment experience is solid evidence

MANITOBA AGRICULTURAL PRODUCTION, 1950 - 1962

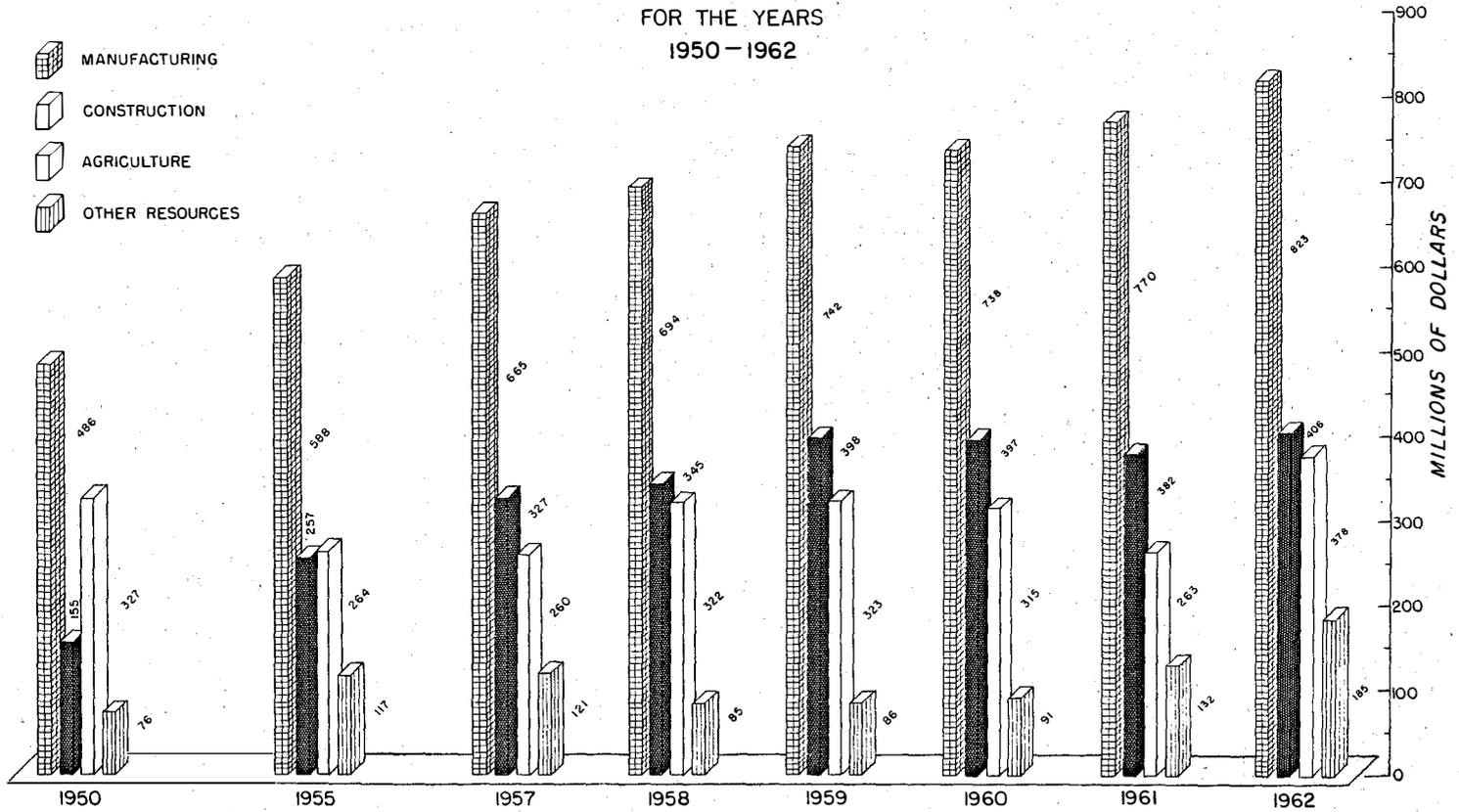
Year	Aggregate Production (\$000)	Net Production*	
		Total (\$000)	Average per Farm (\$)
1950	326,971	240,875	4,588
1951	350,650	280,428	5,393
1952	364,191	269,481	5,182
1953	283,903	227,969	4,384
1954	249,520	215,518	4,144
1955	264,396	220,790	4,246
1956	311,817	252,589	5,155
1957	259,719	238,416	4,982
1958	322,694	266,359	5,701
1959	323,247	263,506	5,781
1960	315,300	256,024	5,761
1961	262,969	202,120	4,800
1962**	378,000	300,000	7,116

* Allowance made for seed and feed grain used on the farm.

** Estimated.

Source: Department of Agriculture

MANITOBA'S PROVINCIAL OUTPUT GROSS VALUE IN MILLIONS OF DOLLARS FOR THE YEARS 1950 - 1962



MANITOBA'S PROVINCIAL OUTPUT

GROSS VALUE

(Millions of Dollars)

Year	Manufacturing	Construction	Agriculture	Other Resources	Total
1950	486	155	327	76	1,044
1951	551	183	351	80	1,165
1952	574	199	364	78	1,215
1953	585	246	284	73	1,188
1954	571	241	250	84	1,146
1955	588	257	264	117	1,226
1956	647	304	312	118	1,381
1957	665	327	260	121	1,373
1958	694	345	322	85	1,446
1959	742	398	323	86	1,549
1960	738	397	315	91	1,541
1961	770	382	263	132	1,547
1962*	823	406	378	185	1,792

* Estimated

Source: Department of Agriculture
 Department of Mines & Natural Resources
 Department of Industry & Commerce

(Mr. Roblin, cont'd)... of the soundness of our investment in the enterprise and initiative of those Manitobans engaged in the business of agriculture. This credit programme will be broadened to provide intermediate term credit to the producers of beef cattle. Farmers will be able to borrow up to \$10,000 for a period of up to ten years on the basis of chattel mortgages on beef herds, for the purpose of expanding their beef enterprises. Farmers will thus obtain a source of credit to put their beef cattle enterprises on a sound footing and over the long term, the livestock industry offers one of the best opportunities for the expansion of agricultural income.

The Agricultural Rehabilitation and Development programme is moving forward. A general agreement has been signed with the Government of Canada and sub-agreements on several projects are being undertaken under the various sections of the Act. A great deal of key planning and preparatory work has been underway this past year to provide the base from which the programme will move ahead over the coming months. Funds will be committed for the implementation of several projects of related research, land use and water control. We believe that in this programme there is great promise for the re-organization, on a voluntary basis, of low income agricultural areas so that they may offer a better living to their inhabitants.

In conjunction with these ARDA programmes and as a part of the policy to increase cattle production, the Provincial and Federal Governments are co-operating in the establishment of six new community pastures. It is worth noting that these projects represent a 50 percent increase in the number of community pastures in Manitoba.

Manitoba business moved forward in key sectors in 1962 and the year established a record for our Province in terms of overall economic results. The gross provincial income - representing our share of the gross national output value - reached an estimated \$2 billion in 1962. Manitoba not only shared substantially in the buoyant national trends last year, but had the satisfaction of having resisted previously - with marked success - the extremes of lagging trends evident elsewhere. After coming through the difficulties of drought and crop losses in 1961, still clearly in possession of forward initiative in our increasingly diversified provincial economy, we have endeavoured to make the most of our opportunities to further our expansion and development over the past year.

Aggregate personal incomes in Manitoba in 1962, at well over \$1.4 billion, have never been so high. Labour income in Manitoba in 1962 neared the \$950 million mark as earnings reached another record. Underlying this new level of earnings was the fact that for the full year 1962 our provincial work force of 334,000 persons, on average, was about 96 percent employed over the twelve months as compared to an average of 94 percent employment for Canada over the period. In fact, employment in Manitoba reached a record level through the upper swing of the annual cycle which lasted from the middle of May to the peak of harvest in October. During this five month period, the average on-the-job experience in this Province was some 98 percent of the work force - or virtually full employment.

The long range problems of accelerating expansion of employment opportunities remain. While our more favourable experience in the Province is to be greatly appreciated, there are problems which cannot be ignored. The sustained growth of greater numbers of new job possibilities is the vital objective that we must achieve. Many of the suggestions contained in the Report of the Committee on Manitoba's Economic Future should provide useful guides to such potential development.

Overall retail sales for 1962 totalled to a new high of \$859 million. New strength was also evident in the manufacturing sector. In the twelve months ending with December of last year, Manitoba manufacturers recorded shipments valued at more than \$820 million for an increase in manufacturing output over 1961 of over \$50 million. These gross earnings by processors and producers give increasing support to the earning capacity of our work force and this in turn does much to ensure the continued strength of Manitoba's consumer market - so essential in the overall provincial economic strength.

The importance of that market is given added significance by the pattern of our industrial diversification, emphasizing as it does the specialized industry, the service enterprise and the relation of many processors to primary food production. Clearly revealed is our need to find our future strength in increasing diversification and growth among these secondary processors, and most particularly in the development of service and new-product enterprise.

COMPARISON OF MANITOBA'S ESTIMATED GROSS PROVINCIAL INCOME
AND GROSS NATIONAL PRODUCT
(Millions of Dollars)

Year	Manitoba's Estimated Gross Provincial Income	% Increase Over Previous Year	Gross National Product	% Increase Over Previous Year
1950	1,016	8.3	18,203	11.3
1951	1,164	14.6	21,474	18.0
1952	1,259	8.2	23,255	8.3
1953	1,255	- 0.3	24,473	5.2
1954	1,252	- 0.2	24,271	1.6
1955	1,384	10.5	27,132	9.1
1956	1,560	12.7	30,585	12.7
1957	1,564	0.3	31,909	4.3
1958	1,678	7.3	32,894	3.1
1959	1,774	5.7	34,915	6.1
1960	1,832	3.3	36,254	3.8
1961	1,805	- 1.5	37,421	3.2
1962*	2,000	+ 10.8	40,401	8.0

* Projected.

Source: Treasury Department.

VARIOUS ECONOMIC INDICATORS OF MANITOBA'S DEVELOPMENT

(Millions of Dollars)

Year	Personal Income	Percent Change	Labour Income	Percent Change	Retail Sales	Percent Change	Sales of Life Insurance	Percent Change	Cheques Cashed In Clearing House Centres	Percent Change
1950	755	+ 4.1	437	+ 6.6	567	+ 8.4	66	- 4.8	9,115	+ 6.9
1951	881	+ 16.7	499	+ 14.2	610	+ 7.6	79	+ 20.7	10,551	+ 15.8
1952	934	+ 6.0	551	+ 10.4	651	+ 6.7	87	+ 9.5	11,690	+ 10.8
1953	943	+ 1.0	600	+ 8.9	677	+ 4.0	96	+ 11.0	12,259	+ 4.9
1954	927	- 1.7	604	+ 0.7	637	- 5.9	100	+ 4.4	11,602	- 5.4
1955	999	+ 7.8	635	+ 5.1	669	+ 5.1	114	+ 13.2	11,486	- 1.0
1956	1,126	+ 12.7	700	+ 10.2	700	+ 4.6	142	+ 24.5	13,971	+ 21.6
1957	1,132	+ 0.5	738	+ 5.4	726	+ 3.7	174	+ 23.0	13,641	- 2.4
1958	1,262	+ 11.5	771	+ 4.5	754	+ 3.8	188	+ 8.2	15,861	+ 16.3
1959	1,324	+ 4.9	829	+ 7.5	813	+ 7.9	191	+ 1.6	17,158	+ 8.2
1960	1,375	+ 3.8	874	+ 5.4	843	+ 3.6	198	+ 3.2	19,081	+ 11.2
1961	1,361	- 1.0	902	+ 3.2	818	- 2.9	188	- 4.9	21,131	+ 10.7
1962*	1,460	+ 7.3	945	+ 4.8	859	+ 5.0	192	+ 2.1	21,191	+ 0.3

* Estimated or Preliminary

Source: Department of Industry and Commerce

(Mr. Roblin, cont'd)...

The general upward swing of the economy throughout 1962 was to be noted in a number of other key indicators. Investment in new plants and equipment and repair expenditures showed a firmer trend in total than for some years past. Our preliminary estimates of overall new capital investment and repair and replacement expenditure in Manitoba during 1962 show a cumulative total of \$613 million - up from the \$585 million overall capital outlays and commitments in 1961. Of the \$613 million estimated total capital expenditure in 1962, new capital commitment accounted for \$442 million - some \$25 million above the 1961 estimate with the private sector sharing some of this increase. Major capital growth stimulus in the Province still stems from public investment in such facilities, particularly those under development by Manitoba Hydro, the Manitoba Telephone System, the Greater Winnipeg Floodway, and in other public asset development.

New manufacturing investment in 1962 was still below the desirable level of participation in the growth of our economy, although the preliminary forecasts for 1963 are indicative of a trend toward higher annual commitments. Since its inception, the Manitoba Development Fund has aided more than 100 individuals, firms and community development corporations in their efforts to realize more fully the opportunities available for sound growth in Manitoba. Actual loans from the Fund to date - more than \$8 million with some 70 percent outside Metropolitan Winnipeg - have supported the creation of better than 1,200 new employment opportunities in the Province. The private enterprise partners in this expansion have approximately matched this commitment and the total of \$15.8 million in new co-operative investment made possible by the Manitoba Development Fund operations over the past four years has resulted in an estimated additional factory output of over \$19 million annually. Another \$600,000 per annum in new tourist revenue has been made possible through the Development Fund. The significance of this is emphasized when we consider the increasing contribution that tourism now makes to our economy - nearly \$40 million annually and I might say that here again is another provincial record.

Our ability to absorb new workers into the productive labour force of the Province will depend largely on our ability to increase the strength of our general economy through the wider development of new markets. Even successive agricultural harvests of the magnitude of 1962 or expansion in provincial incomes and output generally at the levels of growth enjoyed recently will not likely meet our need to provide growing numbers of our people with employment. We must realize that even service and specialized enterprise is today increasingly more dependent on capital and less on labour. To develop new jobs we will require growth as well as specialization and diversification. The maximum in selective new capital investment by the private sector is now most necessary. When we look at the magnitude of the task before us in the light of Manitoba's already considerable accomplishments, we can clearly understand and appreciate that this is no time either for complacency or for "resting on our oars".

In 1962, the major construction projects brought underway included a beginning on the \$63 million Red River Floodway - larger by 30 percent than the combined dredging and excavation of the St. Lawrence Seaway project. Two excavation contracts for the Floodway were awarded in the fall and better than anticipated progress was made up to the end of the year. Contracts for the construction of related highway and railway bridges in connection with this project, and for the outlet structure, were awarded and construction is commencing. Surveys have been underway during the year for both the Assiniboine diversion at Portage la Prairie and for the Shellmouth reservoir, and this work will proceed in the 1963-64 fiscal period.

The Manitoba Water Supply Board initiated projects during the year to serve six more towns and villages. Water supply and treatment works for the town of Deloraine and for the villages of Erickson, Cartwright and Holland were started and completed during the year. Construction is still proceeding in the villages of Reston and Hamiota. This important utility plays a key role in modernizing vital services in many of our smaller centres.

The 1962 output of electrical energy in Manitoba reached a record 4.4 million K. W. H., of firm energy. Last year, the value of electrical energy consumed in Manitoba alone reached an estimated \$42.6 million - up over the \$39 million total for 1961. The creation of new generating capacity requiring the investment of \$127 million is well advanced at Grand Rapids - progress there during the year indicated initial operations of the facilities will be commenced late next year and that the entire project will be completed in 1965-66. Detailed considerations

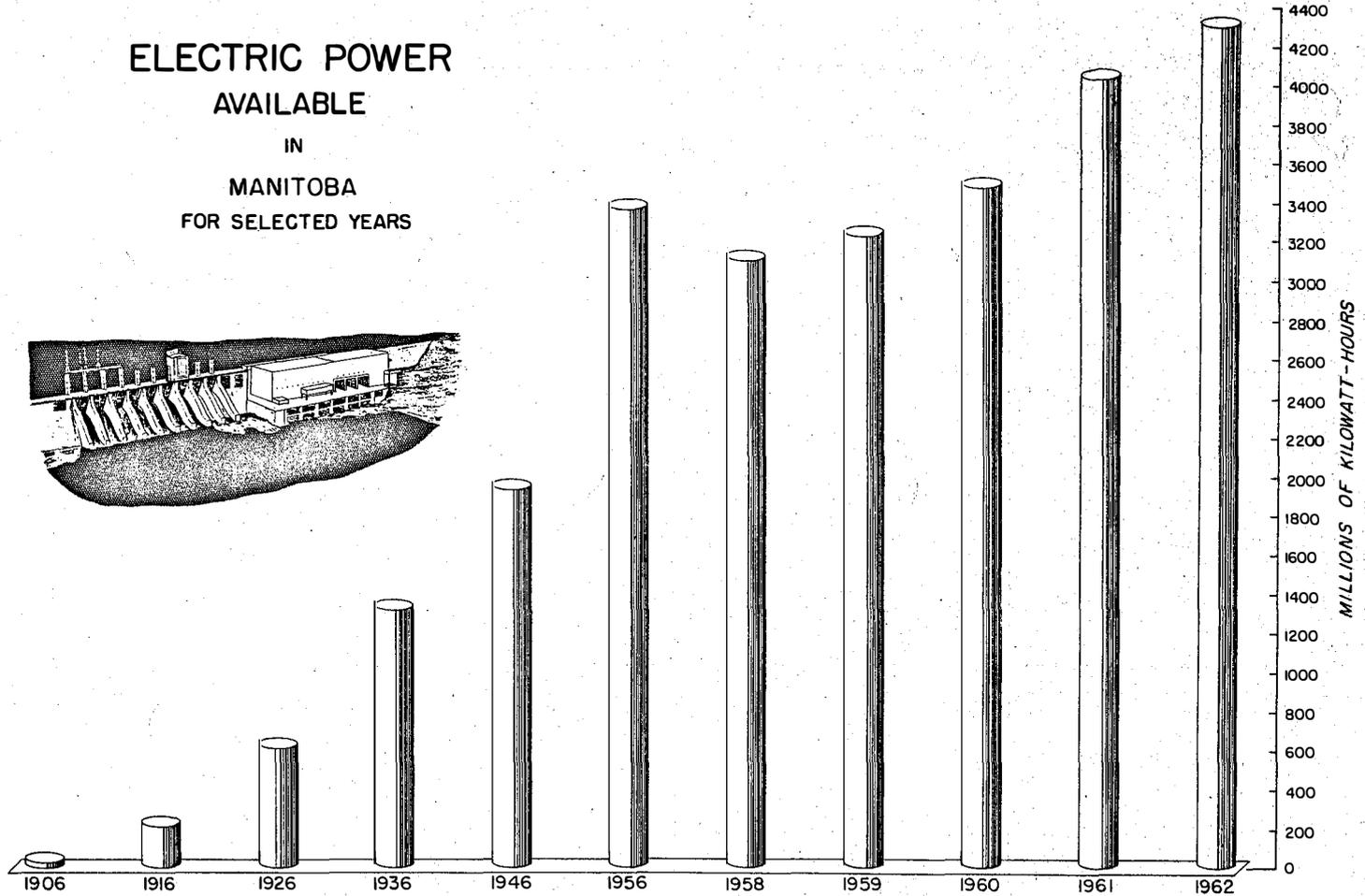
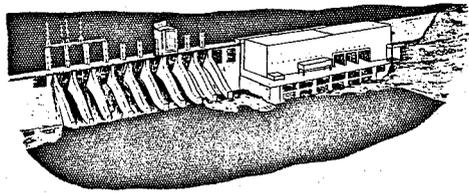
ESTIMATED GROSS VALUE OF SHIPMENTS
FOR MANITOBA MANUFACTURERS
BY INDUSTRIAL GROUPS
(Thousands of Dollars)

Industrial Group	1959	1960	1961*	1962*
Food & Beverages	298,291	289,134	304,331	325,000
Textiles	9,434	9,898	10,023	11,000
Clothing	48,283	48,892	50,080	53,000
Knitting Mills	1,126	1,491	1,541	2,000
Leather Products	5,939	5,509	5,393	6,000
Wood Products	10,328	9,859	10,010	11,000
Furniture & Fixtures	22,674	22,073	23,114	25,000
Paper & Allied Products	41,045	39,262	39,293	42,000
Printing, Publishing & Allied Industries	38,474	39,267	41,605	44,000
Primary Metal Products	28,004	25,902	26,906	29,000
Non-metallic Mineral Products	28,281	26,452	27,026	29,000
Metal Fabricating	52,623	58,385	61,637	66,000
Machinery	14,769	16,874	17,720	19,000
Transportation Equipment	55,614	54,110	54,804	58,000
Petroleum & Coal Products	49,710	51,993	54,600	58,000
Chemicals & Chemical Products	15,340	15,643	16,180	17,000
Electrical Products	13,108	12,216	13,148	14,000
Miscellaneous Manufacturers	9,140	11,497	13,048	14,000
TOTAL:	742,183	738,457	770,459	823,000

* Estimated.

Source: Department of Industry & Commerce.

ELECTRIC POWER AVAILABLE IN MANITOBA FOR SELECTED YEARS



ELECTRIC POWER AVAILABLE IN
MANITOBA FOR SELECTED YEARS

Year	Kilowatt-Hours (Thousands)	Average Net Value (Thousands of Dollars)
1906	10,936	-
1916	210,840	2,108
1926	616,551	3,823
1936	1,320,019	6,072
1946	1,939,405	12,606
1956	3,369,836	28,307
1957	3,373,973	29,016
1958	3,104,264	26,697
1959*	3,237,431	31,097
1960*	3,480,965	35,425
1961*	4,046,214	39,068
1962*	4,361,646	42,600

* Source: Manitoba Hydro-Electric Board. Previous years' data from Department of Mines & Natural Resources. Figures for 1959 and subsequent years have been revised to accord with updated statistical series of electric power availability.

(Mr. Roblin, cont'd) of the tremendous power potential of the Nelson River began during 1962, marking a further commitment to the future for Manitoba and for Canada as a nation. In this reference, again, the emphasis is on the special role to be filled by this Province. In a national economy dependent upon abundant power at low economic cost, Manitoba's supply of untapped potential energy is a key to yet unrealized new contributions by our Province to the national development, as well as to our own.

The telephone utility also recorded another outstanding year of expanded service and development. In 1962, the Manitoba Telephone System added nearly 13,000 new customer installations and made capital investments and extension of existing services. We have now passed the 300,000 level for in-service telephones and our service equipment, facilities and organization have been kept to a maximum efficiency.

There were more than 332,000 motor vehicles registered in 1962. That total reflects an average annual growth rate in vehicles registered since 1958 of better than 15,000 in every registration year. The nearly \$40 million in tourist business now being realized annually in Manitoba can, in major part, be directly related to the improvement and extension of highways and roads to areas most attractive to resort development. There can be no question that the \$29 million Provincial Government investment in 1962-63 in construction, reconstruction and maintenance of Provincial Trunk highways and other Highways, the Roads to Resources and other routes, represented a direct support for tourist trade expansion, new resource development, greater industrial decentralization and the general diversified growth in overall provincial economic activity.

The Roads to Resources programme was the means by which four more northern centres were connected to the Provincial road system in 1962. Snow Lake, Chisel Lake, Osborne Lake and Wekusko were joined to the Provincial network by all-weather gravel surface during the year. Work which has proceeded throughout the winter, and the construction programme which has been accelerated, will bring Thompson into the Provincial highway system within a relatively short time. Better than 300 miles of work has been completed since 1959 on access roads to connect various centres located within five miles of a Provincial highway. Since the inception of the access road programme in 1959, there has been a marked strengthening of many of our local communities. All Manitobans benefit from the greater ease of travel and communication thus provided.

The improvement in our highways and the reduction of road hazards brought about by the upgrading of construction over the past four years has contributed substantially to greater safety for road users. Since 1958, the fatal accident rate per 100 million miles driven in Manitoba has been reduced by better than 28 percent and is consistently below the national average, as reported by the Dominion Bureau of Statistics. In spite of the 23 percent increase in motor vehicle registrations over the period, there has been no increase in the general accident rate in Manitoba and in 1962 the rate of miscellaneous accidents per 1,000 vehicles on the road actually showed a slight decline. That this increasing use of our highways has continued without increase in the rate of loss and damage is in major part a result of the emphasis on safety in our highway policy and in the vigorous programmes of driver training. In all, development of the Provincial highways, and in the use of those highways, we shall maintain the twin factors of safety and efficiency to ensure true economy in our modern transportation policy.

We expect that for 1963-64, that additional Provincial investment of some \$32.8 million will be committed to sustained progress for Manitoba's highways and other roads for construction, improvement and maintenance.

In 1962-63 we invested some \$4.7 million in new or renovation work to provide accommodation for technical education, health, reform and rehabilitation, recreation and other public services. In 1963-64 the programme calls for \$5.7 million to continue our policy of efficient and economical provision of these public facilities.

In mineral production, the full year of operations at the nickel complex of Thompson was the major contributor to a 60 percent increase in the value of our total mineral output. From a total of just over \$100 million in 1961, last year we recorded a total mineral production valued at \$159 million. The Stall Lake Mine, near Snow Lake, is expected to commence production before the end of 1963. This past year of growth - the best in the history of our

MANITOBA'S PRIMARY RESOURCE OUTPUT
 PRODUCTION VALUE
 (Thousands of Dollars)

	1958	1959	1960	1961	1962 *
Agriculture	322,694	323,247	315,300	262,969	378,000
Minerals	57,066	55,507	58,703	101,489	159,000
Forest Products	17,000	19,000	20,000	20,000	15,350
Furs	5,366	5,059	5,439	4,637	4,786
Fisheries	5,935	6,254	6,507	5,905	5,663
Resource Output	408,061	409,067	405,949	395,000	562,799

* Preliminary Figures.

Source: Department of Mines and Natural Resources.
 Department of Agriculture.

(Mr. Roblin, cont'd)... resources development - means that the soundness of northern investment programmes, both public and private, over the past few years is confirmed.

Exploration for future development has now been extended to areas which previously received little attention. Oil prospecting was carried out in the unexplored area on the shore of the Hudson Bay. The Department of Mines and Natural Resources placed six geological crews in Precambrian areas during the 1962 field season. These parties were engaged in the geological mapping of areas near Cross Lake, Knee Lake, Thompson and south of Southern Indian Lake. The Geological Survey of Canada also conducted two reconnaissance geological surveys and several ground water surveys in Manitoba. The geological parties were in the areas north of Lake Winnipeg and northwest of Churchill. The first year's work under a three-year agreement with the Federal Government, in respect of a joint aeromagnetic survey, has been completed. This programme will continue in the Precambrian areas in Northern Manitoba.

Our work toward upgrading the economic status of our forest industry continues. Unlike the previous year of drought and high forest hazards, the planting season in 1962 was favourable for reforestation and some 2,000,000 trees were planted on Crown lands while a further quarter million were made available for private planting in farm shelter belts, farm wood lots and tree farms. Development of forest management plans continued and included the Riverton management unit of 746 square miles. Field survey work was completed on 295 square miles in the Hodgson, Duck Mountain and Turtle Mountain areas. The trend in outdoor recreation continued upward during the year, notwithstanding that there were from this standpoint rather unpleasant weather conditions which prevailed throughout much of the summer season.

There was some general improvement in the fishing industry as more emphasis was placed on quality and as a result a generally higher price level tended to prevail. A programme is presently being developed to assist rough fish processing to provide a valuable source of animal food and supply a market for less valuable species of fish now being wasted in the industry.

Human Resources

The reason for emphasis on economic progress has to be expressed in human terms. Better, happier, healthier lives depend in major part upon the capacity of society to provide full opportunity for development. Government activities in this regard constitute basic support for the creation and expansion of human opportunity. To provide the necessary education and training of our young people and to meet the increasingly specialized requirements of our workers for knowledge and skills the Province has continued a major effort in the field of education.

In 1963-64 direct general grants to school boards, estimated at \$28.5 million is almost double the annual aid to schools since 1958-59 when the grants totaled \$14.6 million.

Increased enrolment at the elementary and secondary level are evidence of an expanding educational system, with the increase at the secondary level being the most marked. In the four years of operation of the division plan, the total enrolment in secondary schools in Manitoba has increased from 33,774 to 48,952 or by 45 percent. In Grade XII alone, there was an increase in enrolment outside of Metro Winnipeg of 122 percent between June of 1958 and October of 1962.

Since 1958-59, more than 3,200 classrooms and classroom equivalents have been completed, representing 267 new buildings and additions. The value of new construction in 1962-63 alone approximated \$8 million, and for the period the total investment in buildings was \$54.6 million.

Our growing investment in vocational and technical training facilities reached \$7.9 million last year, with major commitments in the technical training field. The increasing interest in technical and vocational education is evidenced by a new high in enrolment - some 4,200 students were registered in the fall of 1962. The new \$5 million Manitoba Institute of Technology is nearing completion and it will be possible to make use of that part of the building designated for trade training at an early date. Classes in the various technologies will commence in September of 1963, as scheduled. In addition to the new Institute of Technology, it is planned to provide two additional vocational schools - one at The Pas and the other at Brandon. These schools will more adequately meet the need for additional technical education in the northern and western sections of our Province.

(Mr. Roblin, cont'd)...

Again this year the institutions providing higher learning will receive assistance with both their capital and current programmes. In 1962-63, more than \$8 million in operating and capital assistance was made available to the University and the affiliated colleges. For 1963-64 we estimate another \$9.4 million in such aid will be extended. This financial support will facilitate the construction or completion of new residences, libraries, arts, science and medical facilities as well as other University purposes.

Emphasis is being placed on an educational programme designed to meet the varying needs and abilities of our population. The overall expenditure in Education - approximately \$43.9 million estimated on current and capital account in 1963-64 - is perhaps the key investment in the Province's whole development programme. We know that the realization of our best hopes and plans for the future must ultimately depend upon the capacity of our young people to take advantage of the opportunities being developed in the Province.

Our social services continue to show a judicious expansion. A new multi-service agency is being established in co-operation with social agencies in Greater Winnipeg to bring together various rehabilitation and social services concerned with the human and financial problems being experienced by welfare recipients, particularly in respect of the able-bodied in the Salter-Jarvis area of Winnipeg. In addition, a pilot project will apply a Community Development approach to this redevelopment area to complement the urban renewal and redevelopment projects now underway. A new Provincial low-cost housing plan will assist undertakings in this field in the City of Winnipeg and other municipalities. The Community Development programme for the Indians and Metis is now firmly established in key areas, and will be extended and improved in the coming year. In comparison to the approximate \$8.5 million social welfare commitment in 1958-59, we are providing \$18.3 million in current and capital account in 1963-64 - some \$10 million more annually for these programmes.

The primary role of Government in the health field involves prevention, detection, hospital care and rehabilitation, in both the general and mental health sectors. These are aspects of health services which the individual either cannot organize or arrange for himself or for which he requires material assistance. In this regard, the Government acts as a co-ordinator to ensure proper integration and balance in community health efforts.

Break-throughs in concepts related to mental health have been reflected in our support for psychiatric services as these are expanded to meet new requirements. In 1963-64, we will be providing some \$6.6 million for this purpose - almost double the 1958-59 support given to psychiatric services. Part of this effort, emphasizing the preventative aspects of mental health care, is the Community Mental Health programme. Through increased staff, resources and service for the support of discharged patients in the home and community environment, we can hope to ensure more effectively the ultimate success of our wider programmes of mental health care. A new \$750,000 clinical unit at Selkirk, to be completed in the near future, includes a large out-patient department to support the community mental health programme in the Selkirk hospital service area. We are also about to undertake an experimental use of cottage-type accommodation at the Portage School for the Mentally Handicapped in Manitoba. Other facilities for the mentally retarded will also be expanded. The St. Amant ward for children will be enlarged. Increased support will be given for the care and maintenance of mentally retarded outside institutions. We are also glad to be able to report an actual decrease of 467 in the number of patients in our mental hospitals since 1958. In effect, the new vigor of our Psychiatric programme has not only returned many patients to their homes, but has spared us the construction of a new 600 bed, 6 million dollar mental institution. These results are increasingly dramatic when we consider that the total number of admissions has continued to increase by 20 percent each year. The key to this success story is, of course, the more intensive psychiatric care which has gradually reduced the average length of stay before discharge to the new low figure of 3 1/2 months.

All of these projects are part of a sound economic approach to effective maintenance of mental health in the community and warrant our full support.

In the general health field, 1962 was a year of further development and service. An intensive province-wide oral poliomyelitis programme was carried out. This programme gave Manitoba the highest population coverage ratio of any area in Canada. In this connection we

(Mr. Roblin, cont'd)... note with great satisfaction that only four cases were reported during 1962.

The opening of the Manitoba Rehabilitation Hospital in 1962 marked the establishment of a reoriented programme of rehabilitation service. The \$4.5 million investment represented will prove to be one of the most directly effective expenditures in the health field as people are given the wide range of expert assistance to a full return to productive health. New agreements with the Federal Government will also make possible the development of a comprehensive vocational rehabilitation programme for adults. A new facility for the Society for Crippled Children and Adults will also be completed in the near future.

During the coming year, the Departments of Health and Welfare will operate for the first time an inter-departmental care authority in support of people requiring less complex help than provided in hospitals. This will aid in the economical use of hospital space in Manitoba. Cancer diagnostic and treatment services will be further expanded in the coming year with the opening of the uniquely comprehensive headquarters constructed for the Cancer Foundation. Dental health programmes will also receive new support through the newly organized two-year course for dental hygienists - the first graduates from the University will be ready to enter the field in 1965.

The five year programme for the development of improved hospital facilities, commenced in 1962, has shown progress. By the end of 1963, we expect to have passed the half-way mark in a more than \$40 million expansion programme involving some 57 hospital construction projects. Construction programmes are currently underway in 12 institutions while another 20 projects are expected to begin in the coming year.

Since its inception the Hospital Plan has been faced with the problems of increasing cost. In 1959 the gross cost of operation was \$27 million or \$31 per capita. In 1963 we anticipate that this will be \$43 million, or a per capita cost of \$45. It is obvious that this increase of 45 percent in four years is the object of legitimate concern to the Manitoba Hospital Commission and to the public generally whose taxes are required to help meet these great expenditures.

In 1963 the costs of health and welfare will be absorbing nearly 30 percent of our total current revenue or \$39 million. If we add to this the costs of the Hospital Plan which do not come directly into our current budget, for our account includes only the provincial subsidy and hospital services tax payment, it is obvious that this increasing impact creates its own limitations. There are very real if not precise limits to the extent that our economy can support the ever-growing costs of social services. Good as these services are in themselves, they necessarily are dependent upon the more directly productive forces of the economy for their support. Hospital costs indicate the essential need for economy and efficiency. We look to the autonomous hospitals for full support in our efforts toward this end.

As I have stressed in previous Budgets, expenditures in education, welfare and health responsibility together comprise one of our soundest economic investments. In 1963-64, we anticipate a combined investment in this human resource sector of the Provincial development amounting to some \$84.5 million - about one third of all current and capital account commitments for the fiscal year.

I believe the prospect for Manitoba's progress in the coming year is most encouraging. We are successfully continuing that transition between a dependency on primary resource production to a diversified and resilient economy. Our country enjoyed nearly the best rate of overall growth experienced among the nations of the free world last year. To this our Province contributed substantially. We know that the future will not be easier than the past, but we know as well that the future will bring far greater opportunity for us if we have the initiative, the imagination and the courage to grasp what it can make available to us.

Whatever may be the final disposition in the changing trade patterns in Europe; whatever new economic arrangements may be developed with United States and other hemispheric partners; whatever may be the challenges placed before us by newly emergent communities and whatever risks and dangers may beset us in the months ahead - we have substantial means to meet every challenge as an opportunity. We shall succeed in realizing the full potential of our opportunities if we are prepared to put to the task our capabilities and our maximum energies.

Provincial-Municipal Relations

In the progress of our Provincial community there is no greater contribution than that

(Mr. Roblin, cont'd)... generated by the endeavours of the people themselves through their local communities. In recognition of local government as the most important instrumentality by which progress can be achieved, the Government has emphasized assistance and encouragement to local effort as fundamental.

An average increase in aid to local government each year since 1958-59 of some \$7.6 million in direct and indirect support contributions by the Province has expanded the total municipal aid from the Provincial treasury to a total forecast of \$80 million for 1963-64. Very nearly 60 percent of Provincial revenue is thus being directed to local government support and development. The range of local services and facilities being directly or indirectly assisted includes every major function and responsibility of local government. Educational aid has almost doubled in the past four years. Social assistance has been very substantially expanded, mainly at the expense of the Provincial treasury. Road building in both the Provincial system and the inter-connecting municipal systems has been given the greatest support in the Province's history. Drainage, water supply, sanitation and many other basic necessities of the local service structure have received substantial direct and indirect assistance from the Province.

Total Provincial aid to the local taxpayer in Manitoba now approximately matches his own aggregate local tax. We have succeeded in relieving the local taxpayer of an amount equal to the weight of his current taxes. Provincial aid has been growing at roughly double the annual rate of growth in municipal levies in aggregate. This has been a very real contribution toward the reduction of local tax burdens. But we are aware of the financial problems facing local government. With these foremost in our minds we have established the Royal Commission on Local Government Organization and Finance which will have the two-fold task of defining the problems and recommending possible solutions. This work has been placed in capable hands. Under the chairmanship of the Honourable Roland Michener, P.C., Q.C., supported by the Honourable Judge John Thompson, Mr. Donald Campbell, Q.C., Dr. Murray Donnelly, and Mr. James McInnes, C.A., the Commission will, I am confident, contribute much to the satisfactory solution of the complex problems affecting local government.

I hope that a preliminary report will be available before this House meets again, in 1964.

The Metropolitan Winnipeg Review Commission, for which provision was made at the last Session of the Legislature, has now been convened under Dr. Lorne Cumming, Q.C., as Chairman, with Mr. Sydney Halter, Q.C., and Mr. Russell Robbins, as Commissioners. The Commission is advancing in its studies of the special problems affecting the Greater Winnipeg area. It has been reported to us that a substantial number of detailed submissions have been received and that these and other relevant matters have been under close study by the Review Commission for some time.

In the meantime, as I have noted, the Province will be contributing \$80 million in aggregate aid and support for continuing local development in 1963-64 - up some \$9.3 million over 1962-63 estimates. Our local taxes remain the lowest of any western province. Our local economies are the beneficiaries of one of the widest ranging government support programmes for industry and related enterprise. Our people are enjoying their highest level of earnings and productivity in our history. We may say, with reason, that our problems at the level of local government, however formidable, can be met.

Dominion-Provincial Relations

Our experience for 1962-63, the first year under the tax collection agreements and their attendant fiscal arrangements between Canada and Manitoba, on the whole has been satisfactory. Revised estimates of the basic tax-sharing payments which will actually be received in respect of the fiscal year 1962-63 - exclusive of Hospital Services Tax revenues - are set out in a table, together with a preliminary forecast for 1963-64.

..... Continued on next page.

(Mr. Roblin, cont'd)...

CANADA-MANITOBA TAX COLLECTION AND FISCAL ARRANGEMENTS RECEIPTS

(Thousands of Dollars)

	1962-63 <u>Revised Estimate</u>	1963-64 <u>Estimated</u>
Personal Income Tax	14,822	16,855
Corporation Income Tax	15,129	15,242
Succession Duties	<u>2,419</u>	<u>2,671</u>
Total Yield of Standard Taxes	32,370	34,768
Equalization and Guarantee	<u>12,250</u>	<u>11,033</u>
Total	<u>44,620</u>	<u>45,801</u>
Increase over year		<u>1,181</u>

The \$2 million increase in personal income tax collections estimated for 1963-64 is in large measure attributable to the progressive nature of the fiscal arrangements with Canada whereby, with the Federal Treasury withdrawal by an additional one percent from the personal income tax field, our share increases correspondingly for the coming year. This progressive withdrawal will continue cumulatively by one percentage point per annum for the life of the agreement.

The importance of this advantage can be clearly understood when it is realized that the 1961 drought effects on personal income and on business earnings have yet to work their way through the fiscal system. This is particularly true of corporate earnings which are reported over a considerably extended fiscal period. With contraction in the profits thus constricting ordinary growth in tax receipts, the additional abatement of federal tax liability has been a most welcome and necessary advantage to our economy. We are in fact able to forecast a net increase in these aggregate tax collections and guarantee revenues of nearly \$1.2 million for 1963-64 over 1962-63.

The Hospital Services Tax now forecast at \$7,237,000 for 1962-63 will total a forecast \$7,643,000 in 1963-64 and will thus provide an increase of over \$406,000 in support of hospital services in the Province.

We have also received retroactive adjustment in our arrangements in respect of the Dominion-Provincial Tax-Sharing Arrangements in force in the 1957-62 period, as a result of revisions in population following the 1961 census. Some \$2.9 million in additional revenue has been received in respect of the fiscal years 1957-58 through to 1960-61, following from revised equalization computations utilizing corrected inter-censal population estimates. This amount, along with an adjustment of \$1,081,000 for 1961-62, has been taken into revenue in 1962-63 and is shown as having been received in that fiscal year.

While, as I have said, we regard the financial experience under the new fiscal arrangements with Canada as satisfactory on the whole to date, we have nevertheless not departed from the Province's traditional position in respect of these matters. As I have emphasized on more than one occasion in this House and at Federal-Provincial Conferences, we remain firmly convinced as to the necessity of greater recognition of provincial responsibilities through increased tax-sharing and the full acceptance of the principle of equalization.

The attitude of the Premier of Quebec as expressed in his recent Budget address supports this position in a very firm way. We, in Manitoba, are, I think, united in the opinion that anything that is done must be consistent with our national purposes, but it is the Government's view that this can best be achieved by a realistic recognition and acceptance of the need of the Provinces for the financial means to meet their growing responsibilities.

It is evident that the new Prime Minister of Canada accepts this view for he made it quite clear that his party, and now presumably his Government, will apply the principle of equalization based on the revenues of the richest province. Nor is it many weeks since the National Council of the Liberal Party is reported as having unanimously adopted a resolution

(Mr. Roblin, cont'd)... calling for a greater equalization and increased sharing of those tax fields with which Canada and the Provinces are both concerned.

There are matters that can only be settled by reasoned negotiations in a co-operative spirit and it would, I think, be proper for the Federal-Provincial Fiscal Conference to be reconvened at an early date. I will be prepared to present this Province's case at that time.

FINANCIAL REVIEW

It must be recorded as a fact that Government will continue to occupy a vital and probably growing role in our economic development. This is not to say that it should assume responsibilities that can, as well or better, be assumed by the people themselves. Rather it must be prepared to play its part and be fundamentally concerned that the most favourable conditions for economic and social growth and development are created and maintained. This is the basic premise of our programme.

Public Debt

While the net amount outstanding on capital account has increased by \$15 million over the past twelve months it has done so in line with deliberate policy based on our analysis of the needs of our people. Men do not hesitate to invest in endeavours where the return is assured. Neither does this Government. Our credit policy is an important tool in stimulating the growth of employment in particular and the economy in general. It has passed the tests of the past five years with obvious benefits to our people.

There are, of course, some practical limits to the extent of such future commitments, but from the high regard in which the credit of this Province is held in the money markets of the continent it is clear that this point is far from being reached. Our interest cost continues to compare favourably with similar governmental obligations. For example: 5 1/2 percent long-term Manitoba bonds were being offered on March 15th of this year on a 5.37 percent basis; Ontario's were at 5.31 percent; Quebec's, Nova Scotia's and Saskatchewan's at 5.41. Government of Canada 5 1/2's were on a 5.20 basis.

Comparison of Public Debt

	<u>March 31st,</u> <u>1961</u>	<u>March 31st,</u> <u>1962</u>	<u>December 31st,</u> <u>1962</u>
Debentures	\$ 298,892,000	\$ 266,717,000	\$ 247,017,000
Savings Bonds	-	38,585,100	52,144,200
Treasury Bills	<u>54,111,543</u>	<u>66,831,372</u>	<u>66,930,689</u>
Gross Debt -	<u>\$ 353,003,543</u>	<u>\$ 372,133,472</u>	<u>\$ 366,091,889</u>
Less: Gross Debt for Self-Sustaining Purposes	<u>217,436,929</u>	<u>203,284,863</u>	<u>181,107,229</u>
	<u>\$ 135,566,614</u>	<u>\$ 168,848,609</u>	<u>\$ 184,984,660</u>
Less: Sinking Funds & Other Funds held for General Debt Retirement	<u>11,794,766</u>	<u>12,727,061</u>	<u>15,621,737</u>
Net Debt -	<u>\$ 123,771,848</u>	<u>\$ 156,121,548</u>	<u>\$ 169,362,923</u>

Once again, I should emphasize that the burden of debt should be gauged not by its absolute size but by the ability to assume its costs. The best measure of this is the relationship of interest charges and amortization of discount costs to total revenue. In the fiscal year ahead of us, we estimate that it will take slightly more than 4 percent of our current revenue to meet these costs. In 1945 it would have taken two and one-half years' revenue to retire the net debt, while today one and one-quarter years' revenue would suffice, as indeed it did in 1962.

An examination of purposes shows a reduction in our direct utility investment as the Hydro Board and the Telephone System assume their obligations in their own names. Our investment in tangible assets makes up almost the whole of the direct responsibility of the Province, confirming the nature of our investment.

(Mr. Roblin, cont'd)

Purposes of Public Debt - December 31st, 1962

(Thousands of Dollars)

Public Utilities	\$172,672
Other Recoverable Debt	8,435
Provincial Buildings	11,587
Roads and Bridges	131,011
Other Public Works	14,304
Grants and Advances	9,301
Unemployment Relief	10,176
Debt Discount	8,606
	<u>\$366,092</u>

Transactions

As in the previous year, our public financing was confined to utility borrowing with a small issue for the University, under our guarantee. Apart from Treasury Bills, the direct needs of the Province were met by the second issue of Manitoba Savings Bonds which produced over \$20,000,000 at an interest rate of 1/4 of 1 percent below the previous year. This same general policy will be followed in 1963-64 and the third Savings Bond series will likely be issued in a few weeks.

In February of last year, the Province undertook to offer \$1 million a week in 91 day Provincial Treasury Bills. Despite the instability of the money market during past months which made these short-term loans somewhat less advantageous than originally expected, our experience can be considered as a successful one with savings of at least 1 percent compared to the cost of other forms of domestic borrowing.

It has not been our policy to borrow in foreign markets except when conditions indicated it was definitely advantageous to do so. Over the past several months, however, the spread between long-term interest rates in Canada and the United States became increasingly great. When we examined the situation in January last, we found that a 20-25 year loan in Canada would have had to be sold at a yield of close to 5.50 percent. On the New York market we could secure similar funds at half the financing cost, for a rate of 4.90 percent to the investor there, and when the premium on the proceeds is taken into account, the actual cost to us in terms of interest is reduced to 4.41 percent.

With these facts in mind, we made arrangements with two Canadian groups, with the participation of a leading New York house, to negotiate a private placement in New York for Manitoba Hydro in the amount of \$25,000,000 (U.S.).

It gives me a good deal of satisfaction to advise the House that the loan was rapidly and successfully placed at the lowest interest rate secured by any Canadian government in the United States, including the Government of Canada and the Provinces of Saskatchewan, Alberta and Quebec, in the period since the withholding tax was imposed in December, 1960.

It is obviously true that Manitoba Hydro assumes an obligation for repayment of the loan in U.S. funds after the term of 25 years has elapsed. But the long term trend of exchange is such that the premium secured and placed in reserve against the possible requirements for U.S. funds at maturity is more than likely to be adequate for the purpose. This has been done on the advice of the Board's auditors. There is a further protection in the fact that the Board retains the right to call these bonds after twelve years and is thus in a position to take advantage of any favourable conditions prevailing in either the money market or in foreign exchange over the last thirteen years of the issue.

We have continued the conservative policy of setting aside adequate reserves for all debt over one year in term. The Retirement of Debt Act provides that sinking funds with respect to dead-weight debt shall be paid into the reserve at a minimum of 3 percent of the principal amount outstanding in all borrowings over one year in life. This arrangement, at a 4 percent earning rate, provides for the retirement of a loan in just over twenty-one years.

In the case of the Utilities, 1 percent of the amount outstanding at the end of the previous fiscal year is required, plus 4 percent on the accumulated balance in the sinking fund account. As at December 31st, 1962, our sinking funds and other funds held for debt retirement

(Mr. Roblin, cont'd) totalled \$53.8 million of which \$38.2 million was attributable to self-sustaining debt and \$15.6 million to our direct debt.

Guarantees

Our policy with respect to guarantees remains unchanged. They are restricted to those government agencies and others which in aim and function are distinct from the regular departments of government whose activities are a charge upon the Consolidated Fund.

STATEMENT OF GUARANTEES OUTSTANDING BY CLASS OF BORROWER

	<u>March 31st,</u> <u>1961</u>	<u>March 31st,</u> <u>1962</u>	<u>December 31st,</u> <u>1962</u>
<u>Guaranteed as to both</u>			
<u>Principal & Interest:</u>			
Manitoba Hydro	\$ 140,150,000	\$ 159,950,000	\$ 201,800,000
Manitoba Telephone System	-	20,000,000	35,000,000
University of Manitoba	7,600,000	10,100,000	12,600,000
Hospital and Other	<u>4,360,886</u>	<u>8,697,302</u>	<u>8,725,149</u>
	<u>\$ 152,110,886</u>	<u>\$ 198,747,302</u>	<u>\$ 258,125,149</u>
<u>Guaranteed as to</u>			
<u>Interest Only:</u>			
School Districts	\$ 6,042,802	\$ 5,629,974	\$ 5,225,843
Municipal	<u>3,276,128</u>	<u>3,133,839</u>	<u>2,984,537</u>
	<u>\$ 9,318,930</u>	<u>\$ 8,763,813</u>	<u>\$ 8,210,380</u>
	<u>\$ 161,429,816</u>	<u>\$ 207,511,115</u>	<u>\$ 266,335,529</u>

Local Government Borrowings

Improved conditions for local government borrowings have continued in Manitoba. The co-operation between the local authorities and The Municipal Board has been a fruitful one and is reflected in the state of the market for these municipal and school debentures. Rates were secured during the year comparable with those prevailing for similar securities anywhere in Canada. Through the facilities of The Municipal Board, and with its direct assistance, \$8.2 million of school debentures were sold. In addition the Board participated in the disposal of \$2.5 million in municipal and hospital district securities.

Efforts have continued to improve the information available to investors and this, along with the trustee agreements and improved marketing methods, has been responsible in substantial measure for the higher acceptability which these smaller local credits now enjoy. Increased emphasis is being placed on developing local interest in the securities of the investors' own districts as it is considered most helpful in promoting a favourable attitude and responsibility toward local government matters.

Revenue and Expenditure - 1962-63

Revenue

The original budget estimate for revenue in the fiscal year 1962-63 was \$121,520,300. Indications are, prior to final closing of the books of the Province, that this will be substantially exceeded and will total \$128,980,592, or an increase of \$7,460,292.

This is due in large measure to increases over estimated amounts in the following revenue headings. They're listed here Madam Speaker.

Gasoline Tax	\$600,000
Corporation Income Tax	615,000
Succession Duties	533,000
Stabilization and Guarantee	299,000
Canada-Manitoba Tax-Sharing	
Agreement (Adjustment Payment)	4,043,000
Liquor Profits	502,000
Mining Royalties	132,000
Transfer of Surplus	816,423

(Mr. Roblin, cont'd)

There were a few decreases, principally Individual Income Tax, \$231,000, and Land Titles Fees, \$99,742.

Expenditure

The main Estimates for 1962-63 were in total \$121,264,196. Our last revision prior to final closing of the books indicates a total of \$121,382,132, or greater by \$117,936.

The result is a surplus on current account of \$7,598,460 which is being carried forward into the next fiscal year to provide stability in our revenue position.

Taxation

In recent months, and particularly during the last Provincial election campaign, there has been considerable public discussion as to the likelihood of a general sales tax in the Province. On November 22nd, 1962, when speaking to the Union of Manitoba Municipalities, I made reference to this question in the following terms:

"I foresee no immediate or substantial change in the present tax structure in Manitoba, indeed I suggest no responsible person will forecast any at this time, certainly not in advance of the intensive inquiries into the needs, capacities and capabilities of all three levels of government."

This is still my view, and a Provincial sales tax is not included in these proposals. But the essential needs of a growing economy do demand more revenues to pay for the new and expanded programmes that the House has already approved. In the search for such revenues I have tried to find it where it would have the least burden on our development. For this reason I have turned to the field of luxury taxes and am recommending to the legislature a tax on the purchase of tobacco products. This would be at the rate of one-fifth of one cent on each cigarette with corresponding charges on cigars and other forms of tobacco.

Three Canadian provinces already have similar taxes on cigarettes and tobacco - Quebec, Prince Edward Island, and New Brunswick - while in all the other provinces except Alberta and in this one, they are subject to retail sales taxes. In United States forty-seven of the fifty states apply this form of taxation.

The individual impact of this tax is not great but by its very volume it becomes a substantial revenue producer capable of yielding about \$3,500,000 in a full year. In the present fiscal year we are estimating \$2,250,000. The average smoker in Manitoba smokes less than a pack of twenty cigarettes a day - to be exact about 288 packs a year. Under the proposed law, at 4 cents a pack, his annual tax would be \$11.52 or less than a \$1.00 a month. For the cigar or pipe smoker the total charge will generally be even less. Smoking is a matter of personal choice and decision and as such is suitable for luxury taxation.

The tax will be administered in a manner generally similar to that used in the tax on gasoline.

This time last year I announced that it was my intention that the tax adjustments proposed in the Federal Budget of 1962 would be reflected in Manitoba law. This has been done in so far as individuals are concerned. However, after negotiations with the Government of Canada, I am advised that it would not be possible under the Collection Agreement to extend the sales tax incentive provisions to the Provincial part of the corporation income tax.

I did consider the possibility of applying such a credit on our own but this would have been a difficult and expensive operation. In view of the present Royal Commission on Taxation which is actively engaged in this area, I have decided to defer any such action for the time being. When the Royal Commission on Taxation reports, the question of taxation and incentives will be reopened for a thorough examination.

Revenue and Expenditure - 1963-64

Revenue

A substantial increase is shown in the estimated revenue returns for the present fiscal year amounting to \$14,695,333. We have based our estimates on a continuing growth of the economy reflected in an increase of about 3 percent of the Gross National Product. The increase is made up of a number of items, and the most important are listed;

(Mr. Roblin, cont'd)

Gasoline Tax	\$1,300,000
Motive Fuel Tax	250,000
Individual Income Tax	2,195,000
Corporation Income Tax	741,000
Succession Duties	785,000
Tobacco Tax	2,250,000
ARDA Agreement	672,000
Liquor Control	1,427,000
Mining Royalty	140,000
Game & Fur Licences & Royalties	156,000
Auto & Drivers' Licences	1,450,000
Unemployment Assistance Agreement	384,000
Transfer of the Deferred Revenue Reserve	3,854,366

To off-set these gains, some revenue losses are expected:

Equalization & Stabilization Guarantees	\$ 918,000
School Lands Fund Interest	394,000
Other Mining Revenues	108,000

The loss of the School Lands Fund interest from revenue is due to its dedication for the special purpose of grants to affiliated colleges, instituted this year.

It is a matter of some regret that I find it necessary to propose the introduction of coloured gasoline and motor fuel for tax-exemption purposes. This, of course, is not a tax increase but it is an administrative change which does have important implications for revenue. A study over the past year of all the facts available in Manitoba and a close comparison with the other three Western provinces (all of which use coloured gasoline) has convinced us of the need for this step. Under the present system it now appears that revenues of more than half-a-million dollars are being lost annually to those who are abusing the present tax-refund system for gasoline and motor fuel. With the introduction of colour, the great majority who fully accept their tax liability in this respect will suffer little inconvenience (and indeed in contrast to the present refund system, they will receive their tax exemption on the spot at the time of purchase). Those who fail to accept their tax liability can more effectively be brought to account. It seems only just and fair to the public who pay their taxes as they should that this situation should be remedied in respect of the minority who are delinquent.

Expenditures

As is the custom in this House, Estimates for the new fiscal year have been fully discussed in the Committee of Supply. References to the tables and charts accompanying this statement will give all pertinent details. It is sufficient here to record that while the ever increasing demands for government services have brought an increase in our current budget of \$14,797,045 over the last year, to a total of \$136,061,241, I am again able to present a budget with a surplus of \$154,392.

Capital Programme

Our capital programme continues to make its substantial contribution to the Provincial economy. In this programme we have endeavoured to follow the principle of only incurring a continuing debt where there is an earning asset to off-set its costs. The clearest examples of this are of course the utilities but the same principles apply to such projects as highways where the return may be less direct but none the less real.

You will have already noted that a very large part of the water control expense, as it relates to the Red River Floodway in particular, has been charged to revenue account. While the Floodway is as much of a permanent asset as any other public work, I am nevertheless, in view of the more indirect nature of its return, recommending that as far as possible its costs should be treated as a current charge.

An appropriate capital programme table has been included in the data papers appended for your information. What has been put before you is a careful but comprehensive programme of investment dedicated to the economic and social growth of this Province. I believe our

(Mr. Roblin, cont'd) people fully understand that the Government must be and is prepared to assume its fair share of responsibility for the capital investment of the country.

Forward investment is necessary to provide the productive assets our Province must have for growth and development. Without such growth and development the future holds only limited promise for us or our children, as the Report of the Committee on Manitoba's Economic Future so clearly confirms.

The Developing Economy

The Report of the Committee on Manitoba's Economic Future - Manitoba 1962-75, has attracted a great deal of attention inside the Province and out. This report did not come about by chance. It was preceded by a great deal of thought and concern for our future. Those of you who have read our submissions to Federal-Provincial Conferences, to the Royal Commission on Banking and Finance, and that arising out of the Conference of Premiers will know that the Government regards the problems of the future now clearly facing us as a challenge to our energy and ingenuity. To quote briefly from the submission to the Royal Commission on Banking and Finance, "... The achievement of an economy that has well developed primary, secondary and service industries is the basis of our concept of an internally balanced regional economy which contributes most satisfactorily to a sound national development." And again, "It is our philosophy that Government has a responsibility to create the conditions wherein the type of industry described will develop in an atmosphere conducive to its success."

This is a national problem, of course, but in a Federal state there are important provincial responsibilities as well. It has become more and more obvious as our economy has developed that the provincial influence is an increasingly important one, far beyond the scope envisaged for it when this country was founded nearly one hundred years ago.

As this country has grown and as our economy has developed, an increasing responsibility for growth has fallen to Provincial Government. Provinces and their municipalities now control close to half the public expenditure in Canada. It is only ten years ago that this proportion was closer to one-third. In our submission to the Royal Commission on Banking and Finance we estimated that capital expenditure of the Provincial Government and its agencies made up about 35 percent of the total capital expenditures in the Province and this is supported by reference to national figures. There is nothing in the report of COMEF to suggest that Government role will be relatively less in the years ahead. While Manitoba is primarily a free enterprise and private initiative economy, the growing importance of provincial governmental activity in terms of economic growth must be accepted and understood.

The economic philosophy of this Government is reflected in its positive action in many fields. We have put into effective terms our belief that government's responsibility in a free society is to guide, prepare and assist its people to achievement through their own efforts. This we have done through many channels, direct and indirect. The development of our utilities, the extension and improvement of our highways, water control and conservation, the advance of all phases of education, agricultural research, agricultural credit, business credit, trade development, urban redevelopment and many more - all are aimed at the stimulation of enterprise. These are aside from any of the important social advances that we have sponsored over the past five years.

We find a clear and concise exposition of these ideas in that chapter of the report of COMEF which deals with a recommended programme of action. To quote in part, "... The role of Governments is to create a favourable climate for such private action. It must act as a catalyst by instituting those measures and programmes which will encourage the private sectors of the economy to help themselves."

The COMEF report has confirmed many of the problems with respect to our economy which we had suspected when we first set the Committee's task. As a result we have been able, at this Session, to put before you a number of proposals for measures which we regard as necessary to the continued and accelerated growth of this Province.

First among these is a proposal which we have advocated on a broad national scale on several previous occasions. This concerns the establishment of the Economic Consultative Board as an advisory group to the Manitoba Development Authority (the latter being the Economic Committee of Cabinet), as well as to the public itself. As you will have seen from the legislation, the Authority and the Board are charged with furthering the economic development

(Mr. Roblin, cont'd) of this Province through a number of specific objectives. The Consultative Board will provide the Government and the public with the best and most widely representative advice of the leading minds in the basic sectors of our society as how best to achieve our goals.

We seek to make the Economic Consultative Board an agent of society by whose varying yet representative views we may be aided in our efforts toward growth and development of Manitoba. In effect, what we must have is a continuation on a more compact scale of that successful instrument, the "Committee on Manitoba's Economic Future".

But let me emphasize this, for it is fundamental to our whole approach to these problems. We are not in any way seeking, nor are we desirous of, shifting governmental responsibility. This will remain, as it must, with the Legislature, through the Executive.

However, there must also be more direct instruments for the implementation of policy than economic advice alone. Many of these already exist through the Government departments, the utilities, the credit corporations, etc., but other steps are essential. Therefore, we are introducing further measures leading toward our goal of co-operative development of the Province.

There is the Manitoba Research Council whose purpose will be the promotion and carrying out of research and scientific enquiries in the various segments of Manitoba's economy. In this, we are building for the years ahead, not merely for the immediate present.

To aid in the broadening of markets for Manitoba producers we have proposed the establishment of the Manitoba Export Corporation. This corporation will not duplicate the efforts of other bodies in providing financial or other governmental backing for export trade. Rather it will provide special, provincially oriented help and expert "know how" - particularly to encourage small firms in the export field. If we are to achieve our goals, such expansion of our existing and potential markets is a necessity.

The third of these new agencies for progress is the Manitoba Design Institute whose purpose will be the development of improved design and quality in Manitoba industry. Provision is also being made for a products development fund to encourage the development and diversification of our industrial production. These we regard as having an important bearing on our emphasis on quality in our output. There will be other things to be done, and these will be brought before you as occasion demands and circumstances permit. To my mind, the COMEF report and the study behind it illustrate better than anything else the economic philosophy of this Government - that only through voluntary co-operation and joint effort can we prosper.

I would like to close these remarks with a brief quotation from an editorial in The Financial Times of Montreal. "In Manitoba business and labour and government have started a concerted effort to define and understand the roads to growth." There is little more to be said but there's much to be done.

Conclusion

In conclusion, Madam Speaker, this is the beginning of a new tenure of office for this Government. I think we can justifiably look back with a sense of accomplishment at the past five years, not with any feeling of self-satisfaction or complacency but with a renewed determination to see that the next few years are even more productive.

We are at an important stage in Manitoba's development, in fact in the development of the Canadian nation. We have before us important moves and decisions. With confidence and effort this Province can move on to an even more productive future.

Now, Madam Speaker, I move, seconded by the Honourable Minister of Industry and Commerce, that you do leave the Chair and the House resolve itself into a Committee of Ways and Means to consider the requirements of Her Majesty's Government in Manitoba for the fiscal year beginning April 1st, 1963.

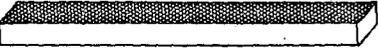
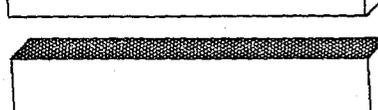
PROVINCE OF MANITOBA
ESTIMATED CURRENT REVENUE
1962-63
MAIN ESTIMATES

	Percentage of <u>Total Revenue</u> %	<u>Source</u>	<u>Revenue</u> \$
	--- 1.1	Tax on Insurance Corporations	1,400,000
	--- 1.7	Statutory Subsidy	2,054,000
	--- 3.1	Mines and Natural Resources	3,720,600
	--- 3.7	Canada-Manitoba Unemployment Assistance Agreement	4,500,000
	--- 6.7	Motor Vehicle and Drivers' Licenses	8,175,000
	-- 11.8	Other Departmental Revenues	14,371,700
	-- 12.3	Government Liquor Control Commission	14,908,000
	-- 17.9	Gasoline and Motive Fuel Users' Tax	21,750,000
	-- 41.7	Canada-Manitoba Tax-Collection Agreement	
		Income Tax* \$20,609,000	
		Corporation Tax* 16,195,000	
		Succession Duty 1,886,000	
		Equalization and Guarantee <u>11,951,000</u>	
			50,641,000
	100.0%	<u>TOTAL</u>	<u>\$121,520,300</u>

Source: Treasury Department

* Including Manitoba Hospital Services' Tax

PROVINCE OF MANITOBA
ESTIMATED EXPENDITURE
REVENUE ACCOUNT
1962-63
MAIN ESTIMATES

<u>Expenditure</u> \$	<u>Function</u>	<u>Percentage of Total Expenditure</u> %	
4,430,063	Public Debt: Interest and Amortization of Discount	3.6 --	
4,463,915	Mines and Natural Resources	3.7 --	
4,818,920	Sinking Fund and Debt Redemption	4.0 --	
5,135,365	Agriculture and Conservation	4.2 --	
13,898,792	Service Departments	11.5 --	
15,323,184	Public Works and Highways (including Highway and related Aids to Municipalities)	12.6 --	
16,224,090	Welfare	13.4 --	
20,435,484	Health	16.9 --	
36,534,383	Education	30.1 --	
<u>\$121,264,196</u>	<u>TOTAL</u>	<u>100.0%</u>	

Source: Treasury Department

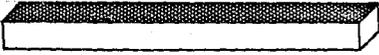
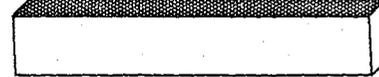
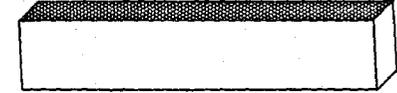
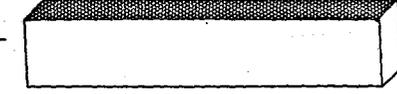
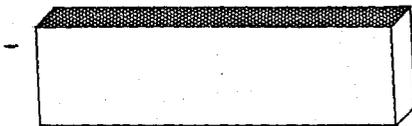
**PROVINCE OF MANITOBA
ESTIMATED CURRENT REVENUE
1963-64
MAIN ESTIMATES**

Percentage of <u>Total Revenue</u> %	<u>Source</u>	<u>Revenue</u> \$
-- 1.1	Tax on Insurance Corporations	1,450,000
-- 1.5	Statutory Subsidy	2,089,000
-- 3.1	Mines and Natural Resources	4,172,875
-- 3.6	Canada-Manitoba Unemployment Assistance Agreement	4,884,000
-- 7.1	Motor Vehicle and Drivers' Licenses	9,650,000
-- 15.3	Other Departmental Revenues	20,890,758
-- 12.0	Government Liquor Control Commission	16,335,000
-- 17.1	Gasoline and Motive Fuel Users' Tax	23,300,000
-- 39.2	Canada-Manitoba Tax-Collection Agreement	
	Income Tax*	\$22,804,000
	Corporation Tax*	16,936,000
	Succession Duty	2,671,000
	Equalization and Guarantee	<u>11,933,000</u>
		53,444,000
<u>100.0%</u>	<u>TOTAL</u>	<u>\$136,215,633</u>

Source: Treasury Department

* Including Manitoba Hospital Services' Tax

PROVINCE OF MANITOBA
ESTIMATED EXPENDITURE
REVENUE ACCOUNT
1963-64
MAIN ESTIMATES

<u>Expenditure</u> \$	<u>Function</u>	<u>Percentage of Total Expenditure</u> %	
5,871,782	Public Debt: Interest and Amortization of Discount	4.3 --	
4,918,405	Mines and Natural Resources	3.6 --	
5,359,027	Sinking Fund and Debt Redemption	3.9 --	
12,580,900	Agriculture and Conservation	9.3 --	
14,960,839	Service Departments	11.0 --	
14,681,270	Public Works and Highways (including Highway and related Aids to Municipalities)	10.8 --	
17,544,310	Welfare	12.9 --	
21,458,339	Health	15.8 --	
38,686,369	Education	28.4 --	
<u>\$136,061,241</u>	<u>TOTAL</u>	<u>100.0%</u>	

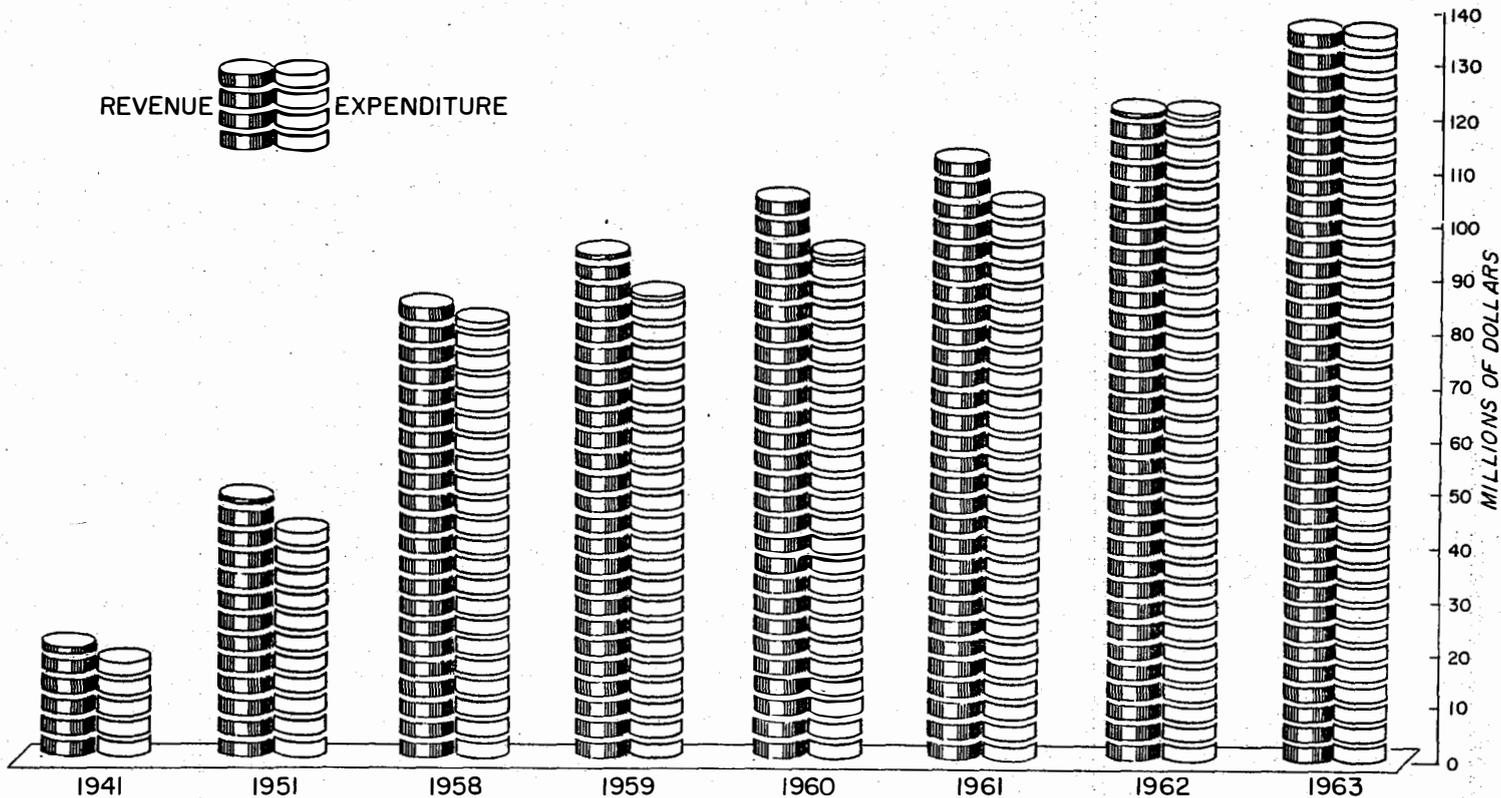
Source: Treasury Department

PROVINCE OF MANITOBA REVENUE AND EXPENDITURE FISCAL YEARS 1941-1963 (REVENUE ACCOUNT)

REVENUE EXPENDITURE



April 26th, 1963



REVENUE AND EXPENDITURE

REVENUE ACCOUNT

1901 - 1963

Year	Revenue	Expenditure
	\$	\$
1901 (Fiscal Year Ending December 31, 1901)	1,008,653	988,251
1911 (Fiscal Year Ending December 31, 1911)	4,454,190	4,002,826
1921 (Fiscal Year Ending November 30, 1921)	9,800,861	10,401,895
1931 (Fiscal Year Ending April 30, 1932)	14,631,341	14,631,341
1941 (Fiscal Year Ending April 30, 1942)	19,920,813	18,151,988
1951 (Fiscal Year Ending March 31, 1952)	48,535,695	42,394,917 *
1957 (Fiscal Year Ending March 31, 1958)	80,123,615	80,119,247
1958 (Fiscal Year Ending March 31, 1959)	85,356,800	81,615,122
1959 (Fiscal Year Ending March 31, 1960)	93,897,600	85,880,954
1960 (Fiscal Year Ending March 31, 1961)	103,038,602	93,650,490
1961 (Fiscal Year Ending March 31, 1962)	112,584,139	104,179,716
1962 (Fiscal Year Ending March 31, 1963) (1)	121,520,300	121,264,196
1963 (Fiscal Year Ending March 31, 1964) (1)	136,215,633	136,061,241

* Excludes 1950 Flood Control and Emergency Expenditures of \$3,942,423.

(1) Main Estimates

Source: Treasury Department.

CAPITAL AUTHORITY REQUIREMENTS

Fiscal year 1963-64

A. UTILITIES

1. Manitoba Telephone System (guarantee)	\$ 7,000,000
2. Manitoba Water Supply Board	<u>370,000</u>
	<u>\$ 7,370,000</u>

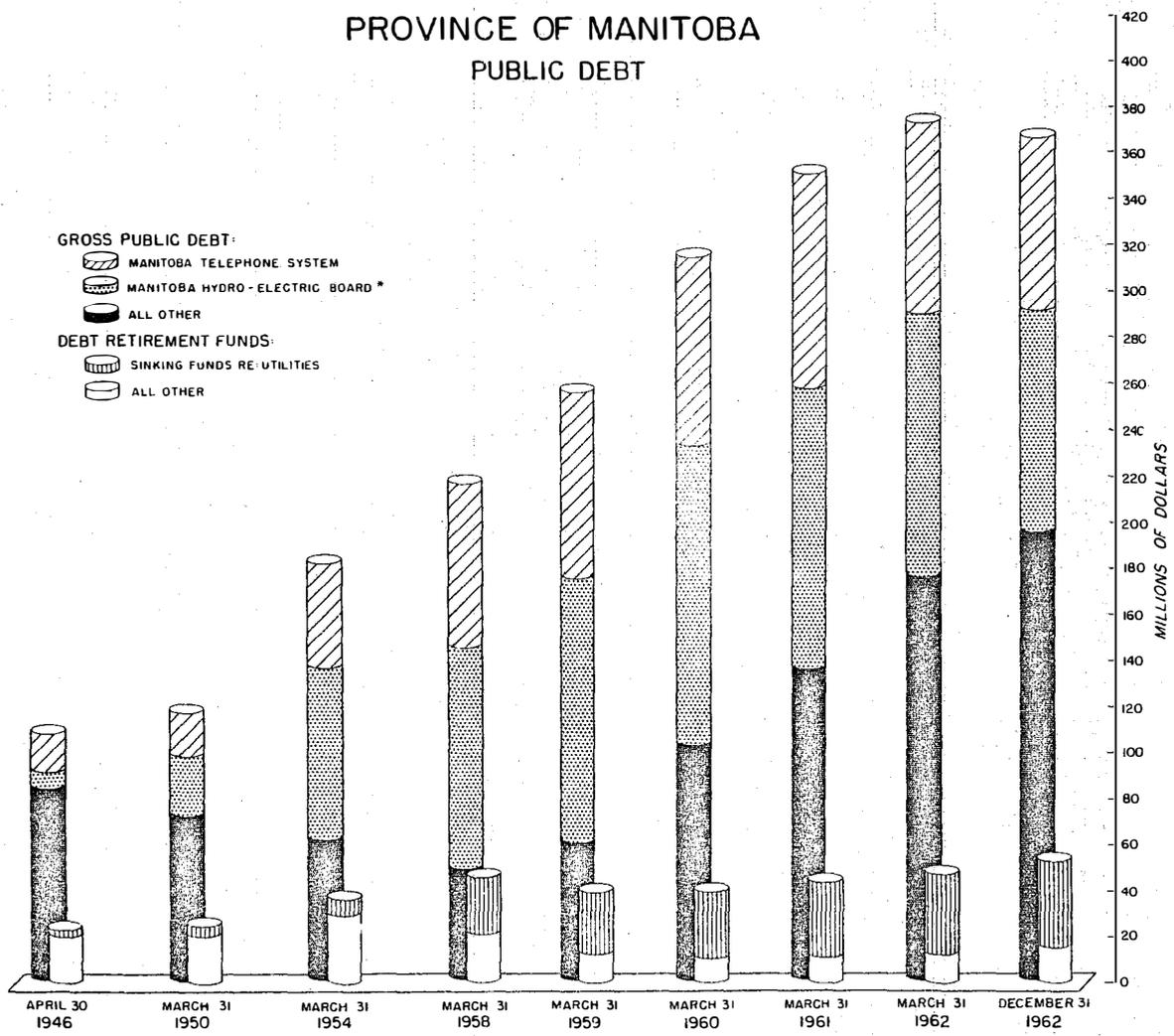
B. PROVINCIAL DEPARTMENTS

1. Provincial Buildings	\$ 4,359,000
2. Land acquisition, Land Settlement Projects, Natural Resource Development Projects and Re- creational Development Projects	104,160
3. Canada-Manitoba ARDA Agreement	414,500
4. Agricultural Research	462,000
5. Urban Renewal	700,000
6. Highways and Related Projects	<u>15,000,000</u>
	<u>\$ 21,039,660</u>

C. GRANTS, LOANS, ADVANCES OR GUARANTEES

1. University of Manitoba (guarantee)	\$ 3,448,160
2. Hospitals and Homes for the Aged	754,000
3. Agricultural Credit Corporation	<u>4,500,000</u>
	<u>\$ 8,702,160</u>

PROVINCE OF MANITOBA PUBLIC DEBT



* Including the assets of the Manitoba Power Commission merged in 1962

PUBLIC DEBT TRANSACTIONS - CALENDAR YEAR 1962

A. SAVINGS BONDS TRANSACTIONS

<u>Series</u>	<u>Term</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Where Payable</u>	<u>Interest Rate %</u>	<u>Par Value</u>	<u>Total</u>
<u>Savings Bonds Issued:</u>							
2S	10 years	Apr. 1, 1962	Apr. 1, 1972	Manitoba	4 $\frac{1}{2}$	\$ 20,184,200.00	
<u>Less: Savings Bonds Retired:</u>							
1S	10 years	Apr. 1, 1961	Apr. 1, 1971	Manitoba	5	4,067,600.00	
2S	10 years	Apr. 1, 1962	Apr. 1, 1972	Manitoba	4 $\frac{1}{2}$	3,190,800.00	
						<u>7,258,400.00</u>	
							\$ 12,925,800.00
<u>Net Increase - Savings Bonds</u>							

B. DEBENTURE TRANSACTIONS

<u>Debentures Retired:</u>							
6E	10 years	Feb. 15, 1952	Feb. 15, 1962	Canada	4	10,000,000.00	
6Z	4 years	Aug. 15, 1958	Aug. 15, 1962	Canada	2 $\frac{1}{2}$	3,200,000.00	
7C	4 years	Oct. 31, 1958	Oct. 31, 1962	Canada	3	3,000,000.00	
7V	2 years	Apr. 1, 1960	Apr. 1, 1962	Canada	2	5,000,000.00	
7Z	2 years - 1 month	June 1, 1960	June 30, 1962	Canada	2	2,500,000.00	
8C	2 years - 5 months	Aug. 1, 1960	Dec. 31, 1962	Canada	2	3,500,000.00	
8D	1 year - 6 months	Nov. 1, 1960	May 1, 1962	Canada	2	2,500,000.00	
8E	2 years	Nov. 4, 1960	Nov. 6, 1962	Canada	2	1,000,000.00	
						<u>30,700,000.00</u>	
<u>Less: Debentures Issued:</u>							
8K	1 year - 3 months	Dec. 14, 1962	Mar. 14, 1964	Canada	3 $\frac{3}{8}$	1,000,000.00	
							(29,700,000.00)
<u>Net Decrease - Debentures</u>							

C. TREASURY BILLS:

Issued (exclusive of renewals) in 1962						92,724,574.73		
Less: (a) Retired during 1962						\$ 273,442.35		
(b) Funded during 1962 by provincial direct and guaranteed debenture issues						<u>64,704,032.38</u>		
						27,747,100.00		
Issued prior to January 1, 1962, and								
(a) Retired during 1962						1,566,188.74		
(b) Funded during 1962 by provincial direct and guaranteed debenture issues						<u>18,588,674.86</u>		
						<u>20,154,883.60</u>		
<u>Net Increase - Treasury Bills</u>							7,592,216.40	
<u>Net Decrease in Gross Public Debt</u>								\$ (9,181,983.60)

DEBT GUARANTEED BY PROVINCE - CALENDAR YEAR 1962

April 26th, 1963

ISSUED

<u>Security</u>	<u>Term</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Where Payable</u>	<u>Coupon Rate %</u>	<u>Par Value</u>	<u>Total</u>
<u>MANITOBA HYDRO</u>							
Debentures:							
Series "1S"	5 years	Aug. 30/62	Aug. 30/67	Canada	5½	\$ 3,000,000.00	
Series "1T"	20 years	Aug. 30/62	Aug. 30/82	Canada	6	22,000,000.00	
Notes - Series 1962:							
"1"	--	Mar. 15/62	Demand	Winnipeg	5½	2,800,000.00	
"2"	--	June 30/62	Demand	Winnipeg	5½	2,475,000.00	
"3"	--	Aug. 15/62	Demand	Winnipeg	6	1,880,000.00	
"4"	--	Oct. 31/62	Demand	Winnipeg	6	2,770,000.00	
"5"	3 months	Dec. 3/62	March 1/63	Winnipeg	4.65	10,000,000.00	
"6"	3 months	Dec. 3/62	March 1/63	Winnipeg	3½	5,000,000.00	
<u>MANITOBA TELEPHONE SYSTEM</u>							
Debentures:							
Series "1A"	20 years	Feb. 1/62	Feb. 1/82	Canada	5½	20,000,000.00	
Series "1B"	21 years	Nov. 15/62	Nov. 15/83	Canada	5½	15,000,000.00	
Note Series 1962:							
"1"	--	Apr. 1/62	Demand	Winnipeg	5½	5,000,000.00	
<u>UNIVERSITY OF MANITOBA</u>							
Series "1R"	20 years	Oct. 15/62	Oct. 15/82	Canada	5 5/8	2,500,000.00	
<u>ELDERLY PERSONS HOUSING</u>							
<u>Sisters of the Order of St. Benedict</u>							
Series	1-20 years	Aug. 1/62	Aug. 1/63-82	Canada	5½	125,000.00	\$ 92,550,000.00
<u>RETIRED</u>							
<u>MANITOBA HYDRO</u>							
Debenture Series "1C"							
7 years	Mar. 15/55	Mar. 15/62	Canada	3	3,000,000.00		
Note Series 1962, "1"							
--	Mar. 15/62	Demand	Winnipeg	5½	2,800,000.00		
Note Series 1962, "2"							
--	June 30/62	Demand	Winnipeg	5½	2,475,000.00		
<u>MANITOBA TELEPHONE SYSTEM</u>							
Note Series 1962, "1"							
--	Apr. 1/62	Demand	Winnipeg	5½	5,000,000.00		
Other:							
Winnipeg General Hospital		Jan. 1/62				50,000.00	
" " " "		June 15/62				30,000.00	
Dauphin General Hospital		June 1/62				18,000.00	
Brandon General Hospital		Dec. 1/62				27,000.00	
Morris Eventide Home		Sept. 1/62				1,152.63	
Menno Home for the Aged		Dec. 1/61 and 62				5,000.00	
Middlechurch Home of Winnipeg		Aug. 1/62				13,000.00	
Ebenezer Home for the Aged		Aug. 15/62				3,000.00	
Foyer Notre Dame		Nov. 15/62				2,500.00	
Manitoba Co-op Honey Producers						80,000.00	
Cancer Relief & Research Institute		Oct. 1/62	(\$3,609.84 principal due but not paid)			--	
							\$ 13,504,652.63
							\$ 79,045,347.37

Increase in Gross Guaranteed Debt

Page 1703

MADAM SPEAKER: Presenting Petitions.
Reading and Receiving Petitions.

Presenting Reports by Standing and Special Committees.

The adjourned debate on the motion of the Honourable the Minister of Education. The Honourable the Member for Elmwood.

MR. RUSSELL PAULLEY (Leader of the New Democratic Party)(Radisson): The Honourable member apparently is out. I'm sure that he wouldn't object to anyone else who desires to speak on this motion to proceed now.

MADAM SPEAKER: Stand? Introduction of Bills. The Honourable the Attorney-General.

HON. S. R. LYON, Q. C. (Attorney-General)(Fort Garry) introduced Bill No. 130, An Act to amend Certain Provisions of the Statute Law and to correct Certain Typographical Errors in The Statutes; and Bill No. 134, An Act to vest the Title to Certain Lands in Her Majesty the Queen in Right of Canada.

MADAM SPEAKER: Orders of the Day.

HON. G. EVANS (Minister of Industry and Commerce)(Fort Rouge): Madam Speaker, before proceeding with the Orders of the Day I wish to lay on the Table of the House the Return to an Address for Papers on the motion of the Honourable Member for Assiniboia.

HON. C. H. WITNEY (Minister of Mines & Natural Resources)(Flin Flon): Madam Speaker, before the Orders of the Day I'd like to lay on the Table of the House the copy of the Province of Manitoba Firearm Safety Inquiry. Copies are available for each of the members of the House.

HON. G. JOHNSON (Minister of Health)(Gimli): Madam Speaker, before the Orders of the Day I would like to draw the attention of the Members of the House to the fact that Canadian Mental Health Week, or Mental Health Week, will be celebrated starting Sunday evening and carrying on during the whole of next week. I think that I would just like to say at this time that I'm sure all the members will join in expressing to all those hundreds of voluntary citizens who make up the Canadian Mental Health Association and who are doing such a wonderful job in assisting government bodies throughout Canada in the development of modern attitudes towards mental illness, and especially in the Province of Manitoba where I think our Manitoba Division of the Canadian Mental Health Association have done such wonderful work, both through their Share Program and their Rehabilitation Facility on Lombard Street in Winnipeg, and as I mentioned during the estimates, and was touched upon by the First Minister in the Budget Speech, the assistance and guidance which they're giving in helping with the rehabilitation of the mentally ill.

MADAM SPEAKER: Order for Return. The Honourable the Leader of the Opposition.

MR. MOLGAT: Madam Speaker, I beg to move, seconded by the Honourable Member for Lakeside, that an Order of the House do issue for a Return Showing the actual expenses of the Provincial Government for the Community Development Program in the years 1959-60; 60-61, 61-62 and 62-63 to date, for each of the following items: (1) Salaries. (2) Administration and Supplies. (3) Housing Projects. (4) Employment Training Emplacement. (5) Grants to Friendship Centres and other Voluntary Agencies.

Madam Speaker presented the motion.

HON. J. B. CARROLL (Minister of Welfare)(The Pas): Madam Speaker, before you put the question, I would like to make sure that this is the program that's being offered through the Department of Welfare rather than a program with a similar name that was operating through the Department of Industry and Commerce and which is now being called, I think, The Regional Development Program.

MR. MOLGAT: Madam Speaker, I'm referring to the one dealing with the Indian and Metis population. I appreciate that some of the figures that I'm asking for are partly in Estimates but in view of the fact that there are contributions from the Federal Government, it's impossible for me to ascertain the details that I'm asking for from the Estimates, hence my Order for Return.

Madam Speaker put the question and after a voice vote declared the motion carried.

HON. R. SMELLIE (Minister of Municipal Affairs)(Birtle-Russell): Madam Speaker, I move, seconded by the Honourable the Minister of Labour, that Madam Speaker do now leave

(Mr. Smellie, cont'd.) . . . the Chair and the House resolve itself into Committee of the Whole to consider and report on the Bills listed.

Madam Speaker presented the motion and after a voice vote declared the motion carried and the House resolved itself into a Committee of the Whole with the Honourable Member for St. Matthews in the Chair.

Bills No. 6, 8, 9, 12, 13, 15 were each read section by section and passed.

MR. CHAIRMAN: Bill No. 23 is a pretty lengthy Bill. I wonder whether it would be all right to take it page by page.

MR. EVANS: This side of the House is, I think, agreeable on that, Sir.

MR. CHAIRMAN: Agreed?

MR. EVANS: Does the Honourable the Leader of the Opposition agree?

MR. MOLGAT: Yes, I am agreed. I want to make some comment on Section 11, page 3.

MR. CHAIRMAN: Page 1, passed. Page 2, passed. Page 3, passed . . .

MR. MOLGAT: Mr. Chairman, I'm not a member of the Municipal Affairs Committee and was not at the Committee Meeting but I want to make some comments now on this section. When the Bill came through for second reading I did make comments at that time and asked the Minister some questions about it. I don't agree with Section 11, Mr. Chairman. This is a section that makes it compulsory now for all villages with a population of 500 and over to have a constable. I submit that in many cases this is not a practical proposition for these villages. They do not have people in the area who are able to do this work. They haven't got people who have the training. They have no means of training them. In most cases from a financial standpoint, it will not allow them to have a full-time constable -- and I think the Minister realizes this, and certainly will make provision for part-time -- but still it will be untrained people by and large who will come in as constables. I don't see that this adds at all to the law and order of the province. In fact I think it may detract in some cases from this and I cannot see why the Minister is making this compulsory on these villages. Surely the councils of the villages concerned are in a position to judge their own situation better than any of us. I submit that there is a wide difference in the need for police protection in different parts of the province. You take those areas where there is a large transient population where there may be construction work going on on a temporary basis, then the need for police protection is obviously greater than in some of the other sections where you're dealing with a stationary population -- very often retired people -- in many of our small prairie towns and that the government here is not in a position to judge those needs. The council in the local place is and can decide what they need.

Now if the Minister still after those comments feels that there is a need for over-all police protection then I would suggest to him that there would be a better approach than this one and that is to make an arrangement with the RCMP. This was discussed by my colleague, the Member for Ethelbert Plains, on second reading. Mr. Chairman, it seems to me that at the moment a number of these villages cannot afford the full price of an RCMP constable. Would it not be possible for the Provincial Government, if it feels that this is required, and I wonder that it is, quite frankly, but if for reasons that they have which I'm not aware of, we must have protection in these villages, why not have a levy of some kind either \$2.00 per person or \$3.00 per person across the province on these villages of 500 and more. This would bring in in the case of a village say of 500, if you had it \$2.00 per person, it would bring in \$1,000.00. You can't hire a constable for that purpose but you can by equalling this over the province and making an arrangement with the RCMP -- have them cover those villages, because in a number of cases the RCMP are short of personnel -- that's true -- but not necessarily always of one full constable. Possibly a constable on a part-time arrangement could do this and where there is a detachment located -- there may be two or three villages in their area -- that they could service by say having one extra constable to do two or three villages, rather than each village having to hire its own. This would provide qualified personnel. It would provide police staff that has had training, that is familiar with the laws and is in a position to enforce them; it would give some uniformity of enforcement across the province. What my friend is suggesting here will not provide that; it will add extra cost on these villages and I don't think will do the job that he wants. I would suggest to him that he remove this section

(Mr. Molgat, cont'd.) . . . at this time; that he approach the municipalities, the union and the urban associations, and see if they wouldn't come forward with a suggestion of this type. I think the suggestion has already been made in the past or some arrangements like this and if he can get agreement from the villages I think he would provide better police protection for the Province of Manitoba; achieve his purpose and not have this sort of a clause which I think will cause trouble.

MR. M. GRAY (Inkster): Mr. Chairman, I think that I am going to support the Bill and the section, if not for anything else but to try out how a person who has no police experience can operate -- may be operating in a better way. It's a small town; likely be a local man; he knows the children; he knows the boys and I think he could get along without a quarrel much better by talking to them, taking part in their sports -- and after all the main police protection nowadays in the small towns are not robberies -- maybe sometimes it may -- it's just to keep peace in town and I think it's worthwhile experimenting -- we cannot do it in the big cities -- it's worthwhile in a small town to experiment one that you could hire without police experience and he'll likely act as a fatherly adviser rather than a policeman. I think it's worthwhile trying it and I am going to support this section.

MR. P. J. McDONALD (Turtle Mountain): Mr. Chairman, I rise at this time; I think that I have at least a little experience in this particular bill and I can't agree with the Leader of the Opposition, the Honourable Member. I know that in our constituency of Turtle Mountain we have several, like in Boissevain, they have an excellent man. He is the utility man for the town and it makes a contact for the RCMP; and also in several of the other small towns they already have their man appointed. They don't have to be fully experienced. They're men with authority though and they can contact the RCMP when there's help needed. I think that it is very important that they have a contact man in a community.

MR. MOLGAT: permit a question? Could he tell me the population of the town he's referring to? Can he tell me the training that the individual he refers to has had in police work?

MR. McDONALD: Well this particular gentleman is the utility man and there's about 1200 people and in Cartwright, its 600 and they have the same agreement in that town.

MR. SMELLIE: Mr. Chairman, in most of the villages and towns that will be affected by this section of the Act, they already have some town employee who could undertake the duties. In many cases the duties of a chief constable may be those of enforcing the local by-laws, traffic control, perhaps keeping the bicycles off the sidewalk and this sort of thing. It doesn't necessarily require a full-time employee in most of these towns and villages. Under the previous section of the Act where it was permissible, the villages said "we don't have to have any chief constable, we have not responsibility in this matter because the province employs the provincial police" -- and when we would suggest to them that this was a local matter for a town with a population of over 500 and that the provincial police would not undertake this responsibility. My honourable friend from Ethelbert Plains knows this; he knows that the RCMP will not undertake this contract. They don't want this responsibility. He knows too that where in a town or village where they have a chief constable, if that chief constable runs into difficulties of any kind the RCMP will come in and assist him. They will assist particularly in the enforcement of the provisions of the Criminal Code, but they have to have someone there on whom they can rely; someone whom they can contact, and in actual operation most of these towns and villages will take some person who is already in their employ and will officially appoint him as the chief constable for the village. This employee can carry out the responsibilities of looking after local by-laws and that sort of thing. If there are any serious law enforcement problems he will call upon the RCMP for their assistance and it will be gladly given; but in the first instance the local chief constable will be the person first charged with the administration of the law in that particular area.

One of the reasons why the RCMP don't want this responsibility is that they don't want to be responsible for example for traffic control in villages. They can't possibly have a full-time constable there. The local village can instruct their own chief constable as to how strict they wish him to be in the enforcement of local by-laws, traffic control and this sort of thing; how many hours they wish him to spend in a day on duties of this nature and so on. This is not going to impose any real hardship on the towns and villages concerned. At the present time

(Mr. Smellie, cont'd.) . . . they have this responsibility. 'Some of them feel because of the section in the Act that they are going to be looked after otherwise. We have found it in some cases difficult to impress upon them that the provincial police will not accept this responsibility and the change in the Act is only so that they will know clearly and without question that this responsibility is their own and that the provincial police will not look after it in the first instance -- they will only come in if they're called in, if the chief constable of the village or town is in difficulty.

MR. M. N. HRYHORCZUK, Q. C. (Ethelbert Plains): Mr. Chairman, I completely agree with what my honourable leader has said and I completely disagree with what the Minister has said. I think this is a mistake and it'll only be a matter of a year or two before we know it is a mistake. The personnel that should be the peace officers are not in these small towns and you are forcing the councils of these small villages to appoint men who are unqualified who could do more harm in the way of law enforcement than they will do good. Insofar as our agreement with the RCMP is concerned, I'm quite sure that if you entered into a financial arrangement with these villages where the detachments are situated, that the RCMP would undertake to do this work. After all is said and done; after all is said and done, Mr. Chairman, an agreement under which the RCMP works for this province is an agreement which is mutually agreed upon and I'm quite sure that if the province insisted in a change in the present agreement to allow for that type of policing it would go in. On the other hand, I'm also sure that if the Honourable the Attorney-General gave instructions to the RCMP force in the Province of Manitoba that they are to police these small towns they would be policed. Insofar as assistance is concerned, there'll be no more assistance from the RCMP after we have these chief constables than there is at the present time, and it isn't only a matter of enforcing the by-laws of the local villages, it's a matter of enforcing the law in general, the Highway Traffic Act and every other provincial statute which has to be enforced. And I say that we'll be making a big mistake and we'll realize it -- I hope that too much damage is not done before we do realize that this provision is wrong and it's not going to help law and order and the enforcement of law in the Province of Manitoba, but is going to hamper it, and very likely hurt it.

MR. LYON: Mr. Chairman, I'm in the happy position of being able to agree unequivocally with my colleague the Minister of Municipal Affairs, and surprisingly enough to agree somewhat with the Honourable Leader of the Opposition and the Honourable the Member from Ethelbert Plains, although not -- I agree with them in their philosophy -- but not as to the hard facts of the situation as we find them today. And I'll attempt to explain why I find myself in this position. Basically the purpose of this amendment to The Municipal Act is merely to bring the law into harmony with the actual facts of the situation in Manitoba today. The facts of the situation in Manitoba today are these; that we have an agreement with the Royal Canadian Mounted Police at Ottawa, Provincial Policing Agreement, which agreement, by the way, was signed by my honourable friend the Member for Ethelbert Plains and has been renewed on a year to year basis since then. In fact it might have been signed by one of his predecessors because it is an agreement of some years' standing. And under that agreement, as has been stated in the House, the RCMP by contractual arrangement refused to police the villages of the size that are mentioned in the amendment before us. They contract their services for the purposes of a provincial police force. That is the arrangement that we have with the RCMP, an arrangement of long standing, and an arrangement that from time to time discussions have been had upon, not only here in Winnipeg with the D Division Headquarters, but as well in a conference that I participated in in Ottawa some two or three years ago at the call of the Minister of Justice. Now, that being the situation, there is no arrangement that can be arrived at outside of the contract with the RCMP because I can tell my honourable friends opposite that they have flatly refused to enter into such an arrangement. Their suggestions that we get the RCMP to enter into some cost-sharing, or that we enter into some cost-sharing arrangement with the villages and then, pursuant to our contract, assign RCMP personnel to these villages is certainly not a novel idea. I thought of it in 1958 when I had only been in the department for a couple of months and tried it on for size with the RCMP and received a definite and a flat "no".

The other arrangement with the RCMP with which I'm sure members opposite are familiar, is that whereby municipalities can contract directly with the Federal Government in

(Mr. Lyon, cont'd.) . . . order that they may employ RCMP constables as town or village detachments. The province is a party to those agreements but the financial arrangements are -- we act more as a clearing house for the agreements than anything else, and the financial arrangements are directly between the municipalities on the one hand and the Department of Justice, the RCMP at Ottawa, on the other hand. And I may say that the financial arrangements accorded to the municipalities are less favourable than those which are accorded to the provinces under the Provincial Policing Agreement. So those are the two means whereby RCMP may be used in Manitoba: 1) As a provincial police force under contract with the province. 2) A municipal contract directly between the municipality and the Federal Government, with the province signing the agreement as a participating and an authorizing partner only. Now, my honourable friend from Ethelbert Plains says that if the Attorney-General were to tell the RCMP that they must police villages of 500 or less, they would do so. I beg to disagree with him, because under the contractual arrangements they are not under any obligation to do so, and notwithstanding any order that I might give them to do so, they would quite properly, I think, come back to me and say, "Fine, we'll be happy to do that, Mr. Attorney-General, if you will get the agreement amended."

Now, the cost-sharing arrangement -- I've already mentioned that. The obvious way to get around this as has been mentioned on the other side, at first blush would appear to be to make some cost-sharing arrangement between the province and one of these small villages whereby the province would then create a provincial police detachment in the village on the understanding that the constable -- and this is hypothetical -- on the understanding that the constable would devote say half of his time to provincial policing and half of his time to municipal policing. This is a good idea. I thought of it three or four years ago -- and I'm not trying to take any credit -- I think it's a good idea, and this is why I say that I agree with my honourable friends opposite. But try to get it implemented! Because we have. I've spoken to the Minister of Justice; I've spoken to the Commissioner of the RCMP; I've spoken to the various assistant commissioners that we've had here, and the answer is no. And I'll tell you why: because the RCMP have found out that in providing provincial police forces for eight of the ten provinces of Canada as they do, with the exception of Ontario and Quebec, they feel from a financial and a fiscal standpoint that they are in a losing proposition. As a matter of fact, as I mentioned two years ago, or was it three, the then Minister of Justice convened a meeting of all of the Attorneys-General from the provinces where provincial arrangements were extant on the RCMP, with the purpose in mind of trying to get a new contract with better financial provisions for the Federal Government. And I want to tell my honourable friend that along with the rest of the Attorneys-General of Canada who were involved, we put up a pretty stiff fight, and we said no, we would sooner stay with the contract we have than have you impose upon us a much more financially onerous and burdensome contract, which is what they were proposing at that time. As a result, the meeting broke up with there being no agreements between the provinces and the Federal Government, and quite frankly we were happy, having had some idea of what the Federal Government plans were, we were happy to remain with the contracts as they were.

Now, recently within the past year to 18 months, I have had dealings in my office with two villages, or two areas in Manitoba, one being Souris and the other being Lac du Bonnet, where they were willing to enter into a municipal contract with the RCMP. They had tried other forms of policing. In the case of Lac du Bonnet the Provincial Police Detachment at Lac du Bonnet had actually been providing on an "as and when" basis a form of town policing in Lac du Bonnet. But we soon found -- and I'm sure the Honourable Member for Lac du Bonnet will bear me out on this -- we soon found in our discussions with the RCMP that they were doing really more for Lac du Bonnet than they were certainly required to do under the contract. But the interesting thing is this, that when those two towns made application to Ottawa for the privilege of entering into a municipal contract, which you will remember is the more financially burdensome contract than the provincial one, they were turned down flat by the RCMP as a matter of policy because they are apparently not entering into any more municipal contracts across the country, their feeling being that these again are money-losing contracts for them and that they have put a complete closure on this type of contract, with the result that even though their applications were supported by myself, supported by the government to the RCMP at Ottawa, the reply back was no, that they would not provide even the municipal form of

(Mr. Lyon, cont'd.) . . . contract. At that time and earlier I had had discussions with D Division, I'm sure it was at that time, with this idea of cost-sharing in mind, and saying to them, "Well now, this is perhaps a way that we could perhaps change the terms of the contract without getting into some substantial alterations of the contract itself," and again the answer was no, that that couldn't be done because of course, it would be something that was never connoted under the contract itself and it would be a distortion of the terms of the contract itself.

So, I want to assure my honourable friends opposite that the remedies or panaceas that they offer have been thought of, have been tried, and there is just, at the present time there is no chance, as I see it, for this to come about.

Coming back to the amendment then, we suggest that the amendment should be passed because, as I said, initially it does reflect what the actual practical situation is in Manitoba today.

Now, for a moment, to deal with their question about the form or the quality of the policing in Manitoba, and here's where I agree with them. Here's where I agree that we should have, we should be working toward -- and I think in concert with the RCMP we should be trying to work toward some form of schooling, some form of arrangement for the future, either to have these village constables trained through an accredited police school such as the City of Winnipeg Police Department operate, or through, perhaps, facilities that may be operated by the RCMP. I have had some very general discussions, and I won't try to dress them up as being anything more than general discussions with the C. O. of D Division Headquarters in Winnipeg on this precise topic, because, of course, it is a subject that arises and is extant in all provinces in Canada where there is no provincial police training unit such as Ontario has for the training of their own people. So I do want to assure them that we are not unmindful of the problem. We think that they do touch a point when they say that there is some necessity to train people who may go into the policing field. But at the same time the negotiations that we have had to date, at least, with the RCMP having been fruitless along the lines that they have suggested, I think that we have no alternative but to pass this amendment as it appears and to keep in the future working towards some policy that will be in accord with what they think and what I think should be the situation for long-term policing of small hamlets and villages in Manitoba.

MR. MOLGAT: Mr. Chairman, I couldn't let this opportunity of seeing the Attorney-General in such an agreeable mood -- he's not only agreeing with his colleagues, he's even partly agreeing with us. This is a "red letter" day and I have to pass comment on this.

Mr. Chairman, the Minister told us that the RCMP were prepared to make arrangements with the municipalities directly. This I think was his first statement. -- (Interjection)-- Yes, but then they no longer are prepared to make any contracts of any kind.

MR. LYON: With the municipalities.

MR. MOLGAT: But they are prepared to have a contract with the Provincial Government.

MR. LYON: We have one.

MR. MOLGAT: Yes, we have one, that's right. Now, surely the suggestion made by the Member for Ethelbert Plains, if the RCMP will not entertain new contracts with municipalities then let's approach them to have a change of contract with the province. Because here are the problems that arise. My honourable friend is going to make a change in the law making it compulsory for villages to have constables. Surely what he should do is approach the government. He says he's approached the Minister of Justice. I'd like to point out to my friend that there's a new Minister of Justice. There's a change in Ottawa. There's a new spirit abroad and I'm sure if my honourable friend were to get to work now, before passing these compulsory regulations make another attempt under the new circumstances, to see if we can't arrive at some mutual understanding

MR. JOHNSON: Mr. Chairman, the Leader of the Opposition has mentioned the new Minister of Justice in Ottawa. May I take this wonderful opportunity of asking the Leader of the Opposition to pursue the promise of the former Liberal Minister of Justice that all those communities on the borderline edging on where we have permanent Air Force Stations such as Gimli should receive the RCMP services of one full-time constable at Federal Government expense, in view of the impact of such stations on the local community, and now that we have

(Mr. Johnson, cont'd.) . . . the new Minister I'm sure that in view of the previous promises the Leader of the Opposition will give every assistance to our communities in this regard.

MR. MOLGAT: I want to assure all the ministers that if they have problems that I can assist them with, I'll be very happy to use my good offices in that manner.

MR. J. H. BILTON (Swan River): Mr. Chairman, I hesitate to enter into this debate. The Attorney-General has pretty well outlined the situation, in which I entirely agree. The Honourable Leader of the Opposition pointed a finger of fate at me, so I thought I may say something.

I come from an area where we do have the Mounted Police. We have seven of them in fact. Three of them are devoted to the area surrounding Swan River and the situation is such that it may be a 60-mile drive from one end of the area that they cover to the other. We have small villages with these town policemen, and what do the towns want? They want a man that they can turn to in time of trouble; a man who quickly has access to the Mounted Police -- and that has happened time and time again. I'm sure villages with a population of 500 and less could not afford what the Mounted Police are asking for a man which is in excess of some \$4,000 annually. Are we going to call upon the Mounted Police to take over these areas to act as dog-catchers, and infractions against the liquor laws, and traffic infractions in these small villages which these constables are quite capable of taking care of? And as I said a moment ago, with the Mounted Police accessible at all times, night and day, I can think of no more ideal situation for these villages, and we have one in our area which is very, very anxious to have a town policeman, and we'll get one. The Attorney-General was speaking of a training period, or training of these men at some ultimate date. I would suggest to the Honourable Leader of the Opposition that this is going on with the volunteer firemen. They're brought in from time to time -- trip around the countryside and trained, and the same thing could apply to these village constables. Thank you very much.

MR. HRYHORCZUK: In the first place we're overlooking one very important fact and that is the RCMP will do all what the Honourable Member for Swan River said they'll do if the population in the village is below 500. Now insofar as the statement by the Honourable the Attorney-General is concerned, he's in complete agreement with us on -- he only does not agree with us on one point and that is the financial arrangement. He tells us that Ottawa will agree to supply RCMP personnel for the purposes we ask for, but they are losing money. That's why they do not want to -- (Interjection) -- Oh, yes, that's what you said. It was on account of a financial arrangement that we didn't get this, that they were losing money. When you tried to get it at Lac du Bonnet they said, "Well, under those circumstances we're losing money; we won't put a man in there." That was the reason you gave, and if that is the only reason, then I say that this particular matter justifies further expenditures by the Province of Manitoba if necessary. After all is said and done our police force is an important part of the services that the province has as an obligation, and if it's only a matter of money, Mr. Chairman, I certainly don't say that this is an objection that we should look at as insurmountable.

MR. LYON: . . . happy to hear that new doctrine of flamboyancy in the expenditure of money coming from the Liberal Opposition -- (Interjection) -- a doctrine which is an extremely foreign one, may I say, and a strange one to come to my ears, "because if it's only a matter of money", says my honourable friend, "well let's go ahead and do it." I shall remember those words. They shall remain emblazoned on my mind for years to come. I want to tell my honourable friend, though, and I think it was an honest misunderstanding that he has of my remarks. What I said was that these two areas, Lac du Bonnet and Souris, had been refused municipal contracts but there had been never any suggestion by the RCMP that they were willing to renegotiate the total municipal contracts in Manitoba. This was not the purpose for which we had discussion some two or three years ago. The purpose for which we had discussion was for the renegotiation of the provincial contract which has, as my honourable friend knows, absolutely nothing to do with the municipal contracts. They're two separate arrangements altogether, and the RCMP's attitude on municipal contracts has been "no more of them;" no question of negotiation or anything at all. On the provincial contracts they said "We think you've got too good a deal. We don't want to give you any more people provincially -- for a provincial police force. We want to renegotiate on new terms," and the attitude unanimously of all of the A. G's of Canada was that the present financial arrangements and operations that

(Mr. Lyon, cont'd.) we had with Ottawa, were very good when we got a peek at what Ottawa was offering to substitute, and so we as a group let the Minister of Justice know in no unequivocal terms what we thought of his proposal for a new agreement. So I hope those two ideas are sorted out and cleared. There is also of course the further in this agreement that we have with Ottawa as to the number of detachments that we may have in Manitoba, and I think the figure is 63 or 64, and we try to keep a cushion of one or two. This progressive government was even so good, realizing the needs of all of the people of Manitoba -- and my honourable friend will recall this -- that we against some considerable public opinion in the area located an RCMP detachment in his home town and had them -- (Interjection) -- they had a brand new building put up and the town of Ethelbert is benefitting from this RCMP detachment which was located there permanently during the time of this administration and I know that he was very pleased at that coming about.

The main reason for my standing up, Mr. Chairman, at this time, was to thank the Honourable Leader of the Opposition for that degree of support which he has offered me and this government with the new administration in Ottawa, and I am going to have excerpted from Hansard his remarks with respect to the RCMP agreement, and on the first occasion that I have to deal with the new Honourable Minister of Justice at Ottawa, I shall apprise him and apprise him fully of the whole-hearted unequivocal support that I have on any stand that I take before him from the Leader of the Opposition in Manitoba, and I'm sure that this will be most helpful to Manitoba in negotiations -- at least I hope it will be helpful; I don't know. There are an awful lot of chickens going to come home to roost in the next few months and I hope that this is one chicken that finds its perch.

MR. MOLGAT: I appreciate the First Minister agreeing to supply me with one staff member earlier in the session. If I will have to be doing all the liaison work with Ottawa for the government I will have to put my bid in now for a full-size department in view of the statement made by the Attorney-General. Just only one more comment in general about his terms -- I think he said something about some objections to RCMP detachments being located in various towns. I want to assure him that insofar as my own town is concerned, we never had objections to detachments. We did feel there was some slur on us when the only liquor-smelling dog in the province was located there. However, the detachment itself we shouldn't object to.

A MEMBER: the dog move to Ethelbert?

MR. MOLGAT: It was finally transferred out there. Mr. Chairman, we're obviously not getting anywhere convincing the government that there should be a change in this particular section. I would wonder if the Minister could tell me though, why is it necessary to make this compulsory?

MR. SMELLIE: I've already explained, Mr. Chairman, to the Honourable Leader once that it is only necessary to show the municipalities that this is their responsibility and that it will not be accepted by the RCMP, and in some cases we have had difficulty persuading the -- one village in my own constituency, where the Mayor has approached me on more than one occasion, suggesting that the Act was permissive and that as long as it was permissive they didn't feel that it was necessary for the village to do anything, that the province would, and I have been absolutely unable to convince him as apparently we are unable to convince my honourable friend that the RCMP will not accept this responsibility, and this is merely a matter of drawing it to the attention of the municipalities that they must appoint someone within their employ as the chief constable, if their population exceeds 500.

MR. E. R. SCHREYER (Brokenhead): I'm surprised that the Leader of the Liberal Party has offered to act as liaison officer. I thought that the traditional policy of the Liberal Party of Manitoba was "no truck or trade with the Federal Liberals."

MR. MOLGAT: Mr. Chairman, I beg to move that Section 11 be deleted.

Mr. Chairman proposed the motion and after a voice vote declared the motion lost. The remainder of Bill No. 23 was read page by page and passed.

Bills No. 62, 77, 84, 105, 106 and 109 were read section by section and passed.

MR. CHAIRMAN: Call in the Speaker. Madam Speaker, the Committee of the Whole House has considered the following bills, Nos. 6, 8, 9, 12, 13, 15, 23, 62, 77, 84, 105, 106, 109, and requested me to report the same without amendment and ask leave to sit again.

MR. W. G. MARTIN (St. Matthews): I beg to move, seconded by the Honourable Member

(Mr. Martin, cont'd.) . . . for Fisher that the report of the Committee be received.

Madam Speaker presented the motion and after a voice vote declared the motion carried. Bills No. 6, 8, 9, 12, 13, 15, 23, 62, 77, 84, 105, 106 and 109 were each read a third time and passed.

MADAM SPEAKER: The adjourned debate on the proposed resolution of the Honourable Member for Inkster as amended, and the proposed motion of the Honourable Member for Burrows in amendment thereto. The Honourable Member for Elmwood.

MR. S. PETERS (Elmwood): Madam Speaker, I adjourned this debate. I adjourned it for the Honourable Member for Brokenhead.

MR. SCHREYER: Madam Speaker, I only have a few brief remarks to make in regard to this particular resolution as it stands amended. I don't feel that there's any need for any detailed analysis or explanation as to the need of pensioners -- our old age pensioners -- in our society, in our own cities; in our province; in our own country. I think that has been very well put before the members by the mover of the original motion, the member for Inkster, and he has done so on many an occasion.

I think that, however, it could bear repeating that although we have been increasing the old age pension in this country, we have done so in a rather haphazard, un-co-ordinated way. The result has been that although there have been relative spurts in increase in the amount, nevertheless, because of the rise in the cost of living index, in the lowering of the value of the dollar compared to a base period -- let us say 1940 or '45 -- the purchasing power of the old age pensioner today who has to live on the pension itself is not much greater than it was in 1949 when it was \$40.00 a month. Not much greater. Therefore, the general proposition that the pension should be increased to \$75.00 should find support. Now, the member for Burrows in his amendment has not really opposed the idea of having the Federal Government put forward a pension of \$75.00. He didn't really oppose it, but he did amend the motion so that there is some direction given as to the setting up of a contributory scheme, and in that regard I think that certainly we, in this group find ourselves in agreement, but since the member for Burrows has seen fit to sort of expand the terms of reference of the resolution to bring in, not only \$75.00 a month, but also a contributory scheme, I think that now the time is appropriate to go even farther than that and to start speaking about a comprehensive social securities scheme for Canada.

Other countries of the western world -- the western Christian civilization -- have seen fit to have integrated comprehensive social security schemes. I think that Canada which has a gross national product -- a national wealth -- that is higher per capita than most of these other countries -- has no excuse to delay any longer. Since our wealth per capita is higher, we should be leading the way in social services, social welfare, social security, not lagging behind. So I do not disagree with the amendment of the Honourable Member from Burrows, I just think that it should be expanded somewhat to become a little more comprehensive, a little more integrated. I think that the time is right for attacking the problem that confronts our old age people in a concerted and co-ordinated way. We should embark on a national social security scheme, and for the reasons already outlined I think the time is appropriate. But, what is even more timely, is the fact that the new Federal Government has been talking sincerely -- although perhaps vaguely -- about the need for moving in the direction of a social security plan. Now I don't know if they have in mind implementing the Clark report in whole or in part, but it would seem that the general tenor of the new government's remarks -- vague though they may have been -- are in the direction of a comprehensive social security scheme for old age pensioners and so on.

Accordingly, Madam Speaker, to bring this problem into sharp focus and to prepare the way for tangible action to show the new Federal Government that we are with them in this regard, I move, seconded by the Honourable Member for Seven Oaks, that the resolution be further amended by deleting the word "Pension" in the first line thereof and inserting after the word "National" the words "Social Security;" deleting in the second line, the words "individual contributes" and inserting after the word "the" in the second line the following: "employee, employer, self-employed person and government contribute;" adding after the word "fund" in the last line, the following: "and pay to those who are sick or unemployed a basic rate of \$75.00 per month plus an additional amount based on their contribution to the fund."

Madam Speaker presented the motion.

MR. HRYHORCZUK: Madam Speaker, if I may, on a point of order, I have doubts as to whether this amendment is in order. It deals with a subject matter that is not covered in the resolution. It brings in a foreign subject altogether to the original motion.

MR. SCHREYER: Madam Speaker, if there is a point of order. I would suggest that the social security scheme is just as germane to the idea of the contributory pension plan as is a contributory pension plan germane to the idea of a strictly government funded pension plan, and I would suggest that if you're not sure, perhaps you would like to take it under advisement.

MADAM SPEAKER: I will take this under advisement and I will give you my ruling at a later date. The adjourned debate on the proposed motion of the Honourable the Leader of the New Democratic Party. The Honourable the Member for Swan River.

MR. BILTON: Madam Speaker, I beg leave of the House to allow this matter to stand.

MADAM SPEAKER: Agreed? The adjourned debate on the proposed resolution of the Honourable the Member for St. Boniface, and the proposed motion of the Honourable the Minister of Education in amendment thereto. The Honourable the Member for Brokenhead.

MR. SCHREYER: Madam Speaker, I adjourned this debate for the Honourable Member for Rhineland at his request. I believe he's in his seat.

MR. J. M. FROESE (Rhineland): Madam Speaker, my remarks on this resolution will be very brief because I think the matter has been quite fully discussed, but I thought I should place a few thoughts on record as to my stand on this very matter.

First of all, TV in the Province of Manitoba has only been here for a short time -- a few years -- and I feel that we still have not felt the full effects of TV on our children and what the final result or the end result will be. So that I feel that we should have more experimentation, and more research should be made before we develop a full program for our schools. I also feel that this matter of having television for our schools is in some way -- not to a large degree -- but it places the local autonomy of our schools that are presently under the local school boards. I think it just touches on this very matter, and that our teachers would have to be much better qualified. Certainly they would have to receive more instruction to use TV as an aid properly, and I also think that we would have to have good supervision in our schools in this regard. Our youngsters would have to be well disciplined so that it would only be put to proper use. I know that last fall this very matter came up under discussion at the trustees' convention and they had a demonstration at that time, where a number of sets were produced, and they had a class in attendance where they showed a certain film on TV and then the teacher took over. The reactions were quite mixed from the group present, and from what I gathered there I don't think we're ready as such in Manitoba to have this on a large scale. I know that the reaction was quite mixed and some were very outspoken about it in condemning it, others were also favouring it, so that I would go along with the government amendment in that they continue study in this field and that we do more research before we develop a full program for our schools.

Madam Speaker put the question and after a voice vote declared the motion carried.

MADAM SPEAKER: The main motion. The proposed resolution of the Honourable Member for St. Boniface.

Madam Speaker presented the motion and after a voice vote declared the motion carried, as amended.

MR. L. DESJARDINS (St. Boniface): Does that mean that my original motion passed?

MR. EVANS: As amended by the Honourable the Minister of Education.

MADAM SPEAKER: As amended. The adjourned debate on the proposed resolution of the Honourable Member for St. George and the proposed motion of the Honourable the Member for Lac du Bonnet in amendment thereto. The Honourable the Leader of the Opposition.

MR. ELMAN GUTTORMSON (St. George): Madam Speaker, could we have this matter stand?

MADAM SPEAKER: Agreed? The adjourned debate on the proposed resolution of the Honourable Member for Wellington. The Honourable Member for Souris-Lansdowne.

MR. M. E. McKELLAR (Souris-Lansdowne): Madam Speaker, I'm just going to say

(Mr. McKellar, cont'd.) . . . about ten words, but I think after listening to the Budget Speech today, if there ever was a day that everyone should stop smoking, I think it should be today. So I will just say that I have a very short amendment to make to this resolution by the Honourable Member for Wellington, and for those few words I would suggest that you all read the Budget very closely and decide how many dollars it's going to cost you. I had it figured out here and I'll just indicate to you -- for those of you who smoke cigarettes -- suggest how much this is going to cost now in the future. A pack of 25 for 365 days is \$91.25 Federal Tax and \$18.25 Provincial Tax; for a package of 20 at one package a day it's \$73.00 Federal Tax and \$14.60 Provincial Tax, and with those few words I will now -- I beg to move, seconded by the Honourable Member for Hamiota, that the proposed resolution of the Honourable Member for Wellington be amended by deleting the words "young people" where they appear in the third line of the last paragraph in the operative part of the motion, and substituting therefor the words "school children."

Madam Speaker presented the motion.

MR. R. SEABORN (Wellington): Madam Speaker, I must say that I have been most gratified with the response to my resolution, both outside and within the walls of this Chamber. I've been impressed with the sincere attempts to find a logical and acceptable solution to this pressing problem of cigarette smoking among our school children. I was rather amused with the remarks of the Honourable Member for St. Vital, but he apparently had a serious side too, for he evidently found it very difficult to overcome the cigarette habit even with snuff. I was particularly sorry to hear my friend from Radisson take such a definite stand, and I feel he apparently shares the view of the Honourable Member for Inkster, who said, and I quote from Hansard of March 26th, page 677, "that actually so far I have not read one single case that has definitely proven that you can get cancer -- throat cancer or lung cancer -- due to smoking."

Now, Madam Speaker, I'm afraid that the seriousness of this problem is not appreciated by too many of the members in this Chamber. The case against cigarette smoking is now so strong that even the United States Air Force has taken definite action against it. Yet offerings of cigarettes to patients in Air Force hospitals and clinics have been prohibited, and no longer are cigarettes included in package lunches for the personnel on a long flight. And a directive issued by the Air Force surgeon-general's office states: "The ever-increasing evidence linking cigarette smoking with lung cancer, pulmonary diseases, cardiographical diseases, etcetera, can no longer be ignored. To allow the free distribution of cigarettes in our hospitals and in flight lunches suggest to our personnel that the Air Force medical service in effect condones cigarette smoking. To do so is to repudiate the overwhelming evidence of many medical research teams, working independently on a world-wide basis."

Perhaps the honourable members are unaware that there have also been two suits in the United States. The juries were charged to consider three things: First, whether lung cancer was present; second, whether the cancer was caused by cigarettes; third, whether the cigarette manufacturer was responsible. In both cases the jury answered the first two questions in the affirmative, but absolved the tobacco company of blame because there was no evidence that smoking caused lung cancer at the time the victim started smoking, but in Pittsburgh, Pennsylvania, a Mr. Otto Pritchard, a 64-year old carpenter, who won a jury decision that Chesterfield cigarettes contributed to his lung cancer, has now filed a motion in the Federal Court for a new trial. He seeks to prove that it was negligence by the Liggett and Meyers Tobacco Company which contributed to his condition, leading to surgery in 1953. His latest motion contests that part of the jury's decision which ruled that he, himself, had assumed the risk of getting cancer by smoking cigarettes and that the company made no express warranties upon which he relied. Mr. Pritchard, incidentally, is seeking damages well over one million dollars. So even in the courts of law the relationship of lung cancer to cigarette smoking has been established. If anyone ever gets a judgment against a tobacco company and if the jury finds the company is liable, the whole industry will be in trouble.

The Honourable Member for St. John's was somewhat critical of my approach to the immensely perplexing problem, but he did however recognize that the appeal to our children through advertising was a major hindrance and he went so far as to agree with my proposal that perhaps counter ads could be used to some effect. He supported my contention by quoting from an editorial in the Canadian Medical Journal which states in part: "The people's spirit has been

(Mr. Seaborn, cont'd.) . . . handed over to the cigarette huckster. His weapon is the tainted testimonial. His targets are children and adolescents; the glamour girls who just love that cigarette; the smirking announcers who blow clouds of fragrant smoke into the home; the baseball heroes who now train on ciggies, not wheaties. They're not directing their fire at Grandma and Grandpa; they're shooting at children and youths," etcetera, etcetera. And in the edition prior to the one the honourable member referred to dated March 16th it is stated, and I quote: "It is regrettable to note that in the last decade during which the relationship between cigarette smoking and lung cancer has become steadily more apparent, the tobacco industry on whom the major burden of responsibility for the lung cancer epidemic now rests has on one hand increased the volume of airy seductiveness of its advertising, and, on the other has attempted, in its own words, to hold the health issue in check." So the subtle advertising aimed at the recruitment of our children is a fact to be contended with. It is admired that it is endangering our health program in this area and I think it is of particular interest that the Saskatchewan Cancer Commission has recommended a ban on cigarette advertising, contending it is contrary to the public interest. Their report reads in part as follows: "The evidence linking cigarette smoking with the subsequent development of lung cancer is conclusive. It is found this hazard increases in proportion to the number of cigarettes smoked each day and the number of years during which the individual has smoked."

MR. DESJARDINS: . . . the honourable member is closing the debate on the main motion. I don't think that this related too much with the amendment.

MR. EVANS: Madam Speaker, I would have to agree with my honourable friend that his present address is not strictly confined to the amendment which was moved to change the words "young people" to "school children" and one can only agree with the statement of the Honourable Member for St. Boniface. I don't know whether the House would wish to allow my honourable friend to conclude his debate now or to dispose of the amendment. I'm sure my honourable friend would agree to allow the vote on the amendment to take place and then perhaps to conclude his remarks later, if that is . . .

MR. SEABORN: It's quite in order.

MR. EVANS: I must agree with the point of order that's been raised.

Madam Speaker put the question and after a voice vote declared the motion carried.

MADAM SPEAKER: The proposed resolution of the Honourable the Member for Wellington as amended.

MR. EVANS: . . . agreeable to the House that, unless there's someone else wishes to speak, that my honourable friend from Wellington would continue and would be considered as closing the debate on the motion as amended.

MADAM SPEAKER: The Honourable Member for St. James.

MR. D. M. STANES (St. James): Madam Speaker, I'd just like to say a few words on this resolution. Firstly, I agree with all that has been said, that we should do our utmost to discourage smoking among our young people; to discourage the habit getting established and so on. I fully agree, but I'm afraid I cannot go along with the resolution as it stands because the resolution involves control of advertising. I just remind members here that it says here: "the Legislature oppose the use of any advertising intended to influence our young people." What advertising is this? Who is going to be the judge? Is this going to ban all advertising on cigarettes, on the account that they are harmful -- which I think they are? What principle -- how far can this principle be extended? I think this is a very important decision we are making and I feel at this time that we . . .

MR. EVANS: I wonder if my honourable friend will forgive me if I raise the point that the motion is now amended to read "school children" not "young people" as he just quoted.

MR. STANES: I beg your pardon, it doesn't change my argument, Madam Speaker -- "our school children." And I feel that I must personally oppose this resolution on that account, although I do support anything we can do outside that to discourage our young children from creating and continuing the habit of smoking.

MR. GRAY: . . . to the amendment.

MR. EVANS: On a point of order I would like to indicate to my honourable friend that the amendment has been disposed of.

MR. GRAY: Oh, I'm sorry.

MADAM SPEAKER: The Honourable Member for Wellington is closing the debate.

MR. SEABORN: . . . in the wrong place Madam Speaker, but I will not review what I have said. I'll just continue if I may. I was dealing with the report from the Saskatchewan Medical Association which definitely link cigarette smoking and lung cancer together, and in its second paragraph, if I may quote: "It is considered, however, that measures designed to discourage young people from smoking are considerably handicapped by the wide-spread advertising of cigarettes. These advertisements frequently appear to be aimed at the young and impressionable, and present the smoking of cigarettes of one brand or other as a desirable and pleasurable habit of sophisticated and successful people." Since the dissemination of such information is contrary to the public interest, the Saskatchewan Cancer Commission strongly recommends that steps be taken by the authorities to prohibit the advertisement of cigarettes by all media."

This is not the first recommendation of this nature, for one very similar to this came from the New Brunswick Medical Association, and one of course could say, like the Leader of the NDP said, that they are puritanical in their approach, except that this habit, Madam Speaker, has a particularly devastating effect upon our children as I will endeavour to show later. More recently, a body advocated some curtailment in advertising so that actually this move is gaining momentum, and as desirable as a direct prohibition might be, it has been recognized by several of the members, particularly by the Member from St. James, and no less by myself, that this presents really an insurmountable difficulty, and anyway, I would almost instinctively recoil from direct censorship because of the possible abuse that may result from such a step. It will be said that I have not advanced a very concrete suggestion, but I would point out that my opposition is based entirely on moral grounds and believe that most members, including my honourable friend from Radisson, would agree that this sort of seductive advertising is most regrettable and should bear our mark of disapproval.

The Canadian Medical Journal of February 9th points out quite forcibly that cigarette smoking is not a habit that originates in the school. The seeds of this habit are planted in the children by their parents, and example of other influential adults, presumably through the advertising media. They deal a great deal with education, and of course all this strengthens the arguments of my honourable friends from Assiniboia and from Seven Oaks who admittedly gave very positive suggestions to this problem. They would perhaps be interested in a study that originated in Massachusetts which reveals that the starting age makes an appreciable difference to those who smoke. Lung cancer among men who started smoking after the age of 20 ran 14 for 100,000; among those starting between 15 and 20, the ratio was 40 in 100,000; ten to 15-year olds starting the habit developed 80 lung cancer cases for 100,000 men, and the lung cancer cases jumped to 140 in 100,000 for people who started smoking before they were 10 years old. I agree that it becomes imperative that the education of our children must become a major factor to combat their recruitment to this dangerous habit, but I must also insist that the irresponsible advertising of this product must be faced also.

In a recent issue of "Printers Ink" -- in fact the date of it is December 22, 1961 -- there is an interesting account of the tobacco industry's reaction to the finding of medical research, and the article says in part: "Charges that cigarettes harm smokers health reached a dangerous peak in 1953. Since then, the industry has concentrated its public relations on this sales threat and successfully held it in check." And there is another plus conclusively demonstrated going for the tobacco men: "The most frightening research is not enough to cause inveterate smokers to stop the habit." And I suggest, Madam Speaker, that if this negative pose were dropped and some of this money spent by their public relations were guided into a scientific enquiry into the truth of the matter, it is very likely that many of the problems could be solved in the very near future and many of the causes of the disease removed. And certainly this stalemate between the tobacco industry and the medical profession cannot long continue, for the manufacturers of cigarettes are burdened with an almost insoluble problem in view of its apparent decision to ignore the scientific findings and the responsibilities involved therein, and it's not a question of wishful thinking that has been suggested for me to hope that the tobacco industry will recognize that it must co-operate in this pressing matter. There is no idealistic concept in my suggestion that their co-operation is not only needed to help us alleviate a very critical health problem among our school children, but in the end would be to their own

(Mr. Seaborn, cont'd.) . . . interest and profit, I might say, to conscientiously endeavour to overcome the contributive factors in their product. In this way both sides could benefit from such an approach, and not only is this problem aggravated by the attitude of the tobacco industry, but I believe it could also be affected by the attitude of government, and the government -- I do not necessarily refer to our own Legislature -- have not only an understandable reluctance to tackle such a problem, but would be loath to give up a very lucrative source of revenue from tobacco taxes.

I really don't know the amount of taxes that are obtained in Canada, I understand that in Great Britain the annual proceeds from this one source alone, some 700 million pounds, is sufficient to pay for the entire National Health Service. So when the Honourable Members for St. John's and Brokenhead look for forceful, immediate and positive action on the part of government, we run up against the same sort of wishful thinking attributed to me, and that we would expect government to voluntarily give up so much of its potential revenue derived from the tobacco industry.

But however difficult the approach, we must face realities. There is no use hiding our heads underneath the . . . and denying that things exist when we are fully aware that they not only are present but will return to plague us if we do not do something about it. And I strongly suggest, Madam Speaker, that some part of my resolution should register disapproval of the present trends in cigarette advertising even if we cannot do too much about it in a tangible way.

In the Reader's Digest of February, 1963, a reprint of an article entitled, "Cigarette Ads -- A study in irresponsibility" concluded with this striking statistic: "Are we so bemused by advertising that we have lost the capacity for either indignation or self-protection. Whatever the reason, the fact is that while we mark time some 4,500 boys and girls between the ages of 12 and 17 take up the habit each day of the year, and each year lung cancer harvests a larger crop of victims." Just imagine, 4,500 boys and girls each day of the year. That is 1,642,000 new recruitments to the tobacco habit in a one-year period among the 12 to 17 years old. And I submit, Madam Speaker, that this unrestrained program of indoctrination in cigarette smoking is undoing much of what our leaders are trying to do in the field of health. They are greatly perturbed at the weakening effect of this sort of advertising upon their efforts to lead our children away from this dangerous habit. And we cannot ignore it either if we propose to lend every assistance and add our strength to the solution of this problem. And if we cannot register opposition -- and really my content was more moral rather than legal -- let us at least register our disapproval so that everyone will know where we stand in this matter.

When one considers that the 12 top brands in the United States -- and I would hazard a guess that it's about equal in this country -- when one considers in the United States that over \$144 million was spent for advertising in one year, we can appreciate the magnitude of psychological infection that we have to contend with. It cannot be ignored, and if my resolution is going to be worth anything at all in this regard, we must endeavour to discourage the present policy of trying to recruit our children to indulge in cigarettes.

As I have said, and I repeat, I am not opposed to legitimate advertising, but as the Honourable Member for St. John's has pointed out, his quotation: "They're shooting at babies and youth. They are even training lisping babies to repeat their singing commercials." And are we going to stand idly by without registering some disapproval? Is the health of our children of so little concern that while we are ready to help fight the result we are loath to combat the cause? It would give moral support to those who have already done so much, and I am sure help counteract the present advertising policies of the cigarette manufacturers if our displeasure was registered in a formal way. This is what I look for; this is what I ask from the House. I appreciate we can go no further in the present situation, but it would be a giant step in the right direction and goes hand-in-hand with our resolve to do everything in our power to persuade our very young from smoking cigarettes.

Now before I close, Madam Speaker, I'd like to thank the Honourable Minister of Health for his support and assistance. As a doctor he is fully cognizant of the seriousness of the findings of his profession, and was one who gave me every encouragement. There was, however, Madam Speaker, a little difficulty arising out of my use of the words "young people" and I am very grateful to the Honourable Member from Souris-Lansdowne for amending it to make it clear that I was referring to our future citizens, our school children.

Madam Speaker put the question and after a voice vote declared the motion carried.

MADAM SPEAKER: The adjourned debate on the proposed resolution of the Honourable the Member for Seven Oaks. The Honourable the Member for St. George.

MR. GUTTORMSON: Madam Speaker, I adjourned the debate for the Honourable Member for St. Boniface.

MR. DESJARDINS: Madam Speaker, I just want to say a few words -- in view of the fact that the honourable member, when he first spoke on this motion, referred to some of the things that I said a number of years ago. I might say that at the time that he brought his first resolution he was talking about an ambulance, not only an air ambulance, but all the ambulances here in the province, and that was one of the reasons.

Now since then, during the estimates, I brought up to the attention of the Honourable Minister of Health the problem that we might have. It was in the form of a question. I must say I wasn't too versed in this; I wasn't too sure. My suggestion was for an air ambulance but not only to be used as such, used to take care of, maybe as a remedy to the situation that we had last year when blood was urgently needed and there was no way of transportation, and then also it's something that I have seen where the doctors of the province were talking about maybe forming an obstetric team, a flying obstetric team, and I thought that this could be worked together. I might say that I still have reservation. I would like to know if we have the proper service here -- the ambulance, for what I was speaking about, but nevertheless after listening to the Honourable the Minister of Health and my colleague from Burrows, I will not support this motion. One of the reasons is that this motion is referring mostly to the north and this is not what I had in mind at all. I think that they're perfectly satisfied in the speech that we have heard that this is not what I was referring to at all.

And then in one of the "whereases" where the honourable member said, "present policy favours centralizing hospital facilities", I don't think that that's quite true. There's certainly a lot more rural hospitals than we've had in the past. I might say that if I find out later on through more information that there is still a need for a hospital -- not so much in the north, because I think that this is taken care of by the RCMP and the different companies operating mines in the north -- but in rural Manitoba especially, if there's not more co-operation than there is now, I certainly would be ready to support a motion to have another look into this, and not only an ambulance that would serve only the north, but especially rural Manitoba, and that could be used maybe in conjunction with some other thing, such as this flying team of doctors that was mentioned. But I think that the medical profession -- I think that they're studying this at the moment.

MR. BILTON: Having spoken to this subject previously, I wonder if I may be allowed a few moments. My constit

MR. EVANS: Has the honourable member spoken on this debate?

MADAM SPEAKER: . . . here that the honourable member has spoken on this.

MR. BILTON: Well, I've made reference to -- pardon my ignorance -- but I did make reference to it on . . . -- (Interjection) -- Thank you very much. My constituency situated as it is, this matter of ambulance service is of great concern to us.

I am pleased to have heard the Minister in his remarks indicating his continued interest in this important matter. As he pointed out, Manitoba is divided into two districts when considering this item. It so happens that the Swan Valley is at the extreme north of the southern district. We in the Swan River Valley, a hundred miles from a commercial aircraft service, must resort to road ambulance when it is necessary. As previously mentioned, when the critically ill have to be transported to Winnipeg it is a major undertaking. Provision of a proper service in this regard goes deep in the interest of human beings, and I thank the Minister for his continued interest, for obviously by his remarks the other day, he is conscious of the problem, having gone to some lengths and will go further, I am sure, in finding a solution. I would wish the Minister and his associates every success for we are vitally concerned in our area -- I can't emphasize that too much -- at least in the swift transportation of our seriously ill people over 300 miles to Winnipeg when they are suffering from such things as head injuries and serious conditions that require fast and comfortable service.

The Minister when he spoke the other day said that commercial aircraft are available to the people in northern Manitoba, all of which is capable of meeting the needs. I should like

(Mr. Bilton, cont'd.) . . . at this time, Madam Speaker, to pay tribute to the bush pilots who over the years have carried out mercy flights of no small proportions. I, too, am proud of our medical service throughout the northland, and from personal experience I want to assure the House, Madam Speaker, that the Department of Health is constantly bringing about improvements for the good and ever-increasing population of our northland. The Minister tells me that continued studies by the Health Council are in the offing, and I feel confident they will come forward with solid recommendations in the provision of transportation of the extremely ill and injured people in the several regions of our far-flung province who require specialized treatment available only in major cities, such as Winnipeg. I am satisfied with the Minister's explanation the other day, and feel confident that he will leave no stone unturned toward the finding of the solution to meet this important part of our health program for the people of central and northern Manitoba.

MADAM SPEAKER: It is now 5:30 and I leave the Chair until 8 o'clock.