

THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Monday, April 12th, 1965

MR. CHAIRMAN: The Honourable Minister of Health.

MR. WITNEY: Mr. Chairman, in providing other information that was requested of me, the six points on the individual income were as follows: for 1962-63, \$5,163,000; the corporation income 1 percent was \$1,435,000, for a total of \$6,598,000; in 1963-64, the six points amounted to \$5,621,000, the one percent corporation amounted to \$1,659,000 for a total of \$7,280,000; 1964-65 the six points came to \$6,372,000, the one percent came to \$1,829,000, for a total of \$8,201,000; and then to those three totals you have to add the grant of \$3 million.

I think the Honourable Member for St. Boniface was asking what the \$43.3 million included. It is the budget and capital and construction grants and in there is \$1,204,866.79 capital and the amount of \$21,360,671.45 which he was asking for, in there is \$712,605.57 capital. The other services that have been taken over by the Hospital Commission are the grants for direct costs of organized out-patient departments at the three medical teaching hospitals and there was an extension of out-patient services to cover certain minor surgical procedures, electro shock therapy, physiotherapy, occupational and speech therapy at certain designated hospitals, and there were the out-patient cost of the Manitoba Cancer Treatment and Research Foundation, the psychology screening service, the examination of tissue specimens removed in a hospital, the hospital based home care programs, the preschool development clinic at the Children's Hospital and the total cost of these services for the year 1964 was \$1,432,000.00.

MR. SMERCHANSKI: Mr. Chairman, I would like to draw your attention to Page 1463 on Hansard. I just got it this afternoon and I think if you refer back on your remarks on the bottom of Page 1463 you had passed (9) (b) and 10 pass, but in reality it was only (9) (b) pass, and then the Honourable Minister spoke on diagnostic service in reference to (9) (b) and I had a conversation with him in reference to answers and questions, then I spoke at length and then the Honourable Minister spoke at length and I was not finished with (9) (b) and I do think that I did have the right to speak this afternoon on (9) (b) because it was not passed.

MR. CHAIRMAN: I'm sorry. I'm of the opinion that it passed because we had gone on to (10) and we had words with regard to (10) and then when the Minister said that the services are provided in such areas as St. James, East Kildonan and Fort Garry, I allowed you to ask a question again, thinking you were going to refer to it this time which you didn't but you . . .

MR. SMERCHANSKI: No, Mr. Chairman, that was simply in connection with diagnostic service and that was under (9) (b) and this is what we were talking about.

MR. CHAIRMAN: That's right.

MR. SMERCHANSKI: And when I had spoken last I still was not finished with questioning the Honourable Minister. He replied and the Honourable Minister of Industry and Commerce called the Committee to rise.

MR. CHAIRMAN: The item had passed.

MR. MOLGAT: Mr. Chairman, on a point of order I'm afraid I must disagree with you because if you will look at Hansard on page 1464 you will see that the Honourable Member for Burrows carried on with questioning of the Minister on those items and the Minister did reply, so

MR. CHAIRMAN: As I was saying

MR. MOLGAT: Yes but, Mr. Chairman, now let's have one thing clear. Because Mr. Chairman yells "Pass" doesn't necessarily mean the item is passed. That may be your idea but that's not necessarily what happens and we may as well have this clear right now. The item is passed if members have no further questions on the item, not simply because the Chairman said "Pass".

MR. CHAIRMAN: I understand that.

MR. ROBLIN: I think we have been eminently fair with members of this committee in allowing wide ranging discussions. A good many Chairmen would have asked members to keep to the item which nobody has done, through these estimates to be sure, and there's been a wide range of discussion and I think you've been very fair.

MR. MOLGAT: Who said he hasn't been very fair? In fact you weren't involved in the discussion at all, but if you'll look at

MR. CHAIRMAN: a minute please. Now you'll see at the bottom of 1463 it says: Mr. Chairman: (9) pass, (9) (a) pass, (9) (b) pass, (10) pass, and then the Honourable

(MR. CHAIRMAN cont'd.) Member for Brokenhead discusses number (10) and we're into No. (10) and (9) had passed, all of (9) had passed. Then the Honourable Minister says that lab and X-ray services are provided to such areas as St. James, East Kildonan, and Fort Garry and because he made this correction I allowed the Honourable Member from Burrows to ask a further question, but it had nothing to do with the fact that a correction had been made -- his further question. It was a repetition again of what we had been discussing under (9) and under the Minister's Salary, and we had passed that. We've been a long time on these estimates and we've had ample discussion on this question of No. (9), both under the Minister's Salary and under No. (9).

MR. PAULLEY: Mr. Chairman, may we get onto No. (7)? I think that's the item that you have under discussion at the present time. Is that correct? Can I take it then from the figures that the Honourable the Minister of Health has given to us -- because if I jotted down his figures correctly this afternoon, he indicates that there has been a reduction insofar as personal income tax is concerned of his figures of 1964 of some six million four and his projection for the year under review of five million six. Insofar as contributions to the hospital fund is concerned there's a reduction there as the result of the lowering of the income tax percentage from the six to five. Then, if my figures are correct, Mr. Chairman, for the year 1964 my honourable friend the Minister mentions that the contribution out of, I presume Consolidated Revenue was \$3 million and for the year under review this has increased to four million one. Then in other words, Mr. Chairman, from the Consolidated Revenue we are going to have an increase of approximately \$1 million to the Hospital Services Fund and as we well know, the Consolidated Revenue is made up of those taxes which are levied on the broad scale over the province as a whole and paid for by those who pay the ordinary taxes, among which for the year under review at the present time is the five percent utility tax.

Now I'm not going to go, Mr. Chairman, into an argument once again at this particular stage as to the inequity of the five percent utility taxes but it does appear to me once again, even in respect of the contributions toward hospital costs in the Province of Manitoba that those who are more able to pay, namely those who are receiving sufficient revenue to pay income tax, are going to receive relief insofar as their taxes are concerned at the expense of those who make a contribution to the General Revenue included in which are those who are paying the five percent utility taxes. Because -- and I want to get this clarified, if indeed it needs clarification, from my honourable friend the Minister of Health that whereas in 1964 from the income taxes and corporation taxes levied in the Province of Manitoba, in respect of income tax it was about 6 million four, corporation tax one million eight-odd, on the figures that the Minister gave us just before we rose for the evening recess, income tax is going to raise about five million six, corporation tax about one million seven in respect of the contribution into the hospital taxes. I hope that I've got these figures right. The Minister can correct me if I am wrong. And then in respect of the year under review from the Consolidated Revenues, or a direct contribution to the Hospital Services Fund from the Consolidated Revenue, the figure is going to be one million one, whereas last year out of Consolidated Revenue, the figure was approximately three million. Now I want to ask my honourable friend the Minister of Health, is this correct? And if it is correct, if I have got the figures down right, Mr. Chairman, then I respectfully suggest to him and also to the Provincial Treasurer, who of course is the First Minister of this province, that he is using, or that the government is using the additional levies which were made as a result of the special session of 1964 in August, to pay directly towards hospital costs in the Province of Manitoba, an additional million dollars by way of granting to those of us who are fortunate enough to pay income tax in the Province of Manitoba, but is penalizing those people who do not earn sufficient to pay income tax who, because of the very nature of the taxes that have been imposed by the administration, such as the utility taxes. And I say this is absolutely wrong; that when the province or the government decided two or three years ago -- and I believe it was in 1962 -- to make an additional levy in respect of income tax on the taxpayers in Manitoba for the purposes of hospitalization, and if I recall the Honourable the First Minister at that particular time took great pains to point out that the reason for the reduction in the premiums in respect of hospitalization was done because he recognized at that particular time that the \$6.00, if I recall correctly in respect of a couple, was too high and that many citizens and couples within the province found this \$6.00 a month an onerous burden.

Then the Provincial Treasurer when he introduced the concept of income tax as being a foundation -- not the only one but one of the foundations, in respect of hospital premiums -- if

(MR. PAULLEY cont'd.) I recall my honourable friend the Provincial Treasurer, the Premier of this province, correctly at that time, he said one of the reasons, or indeed the prime reason, for levying the income tax, which was six percentage points at that time, was to relieve those people who were not able to pay for the then \$6.00 premiums.

Now, Mr. Chairman, I want to ask my friend the Honourable the Provincial Treasurer what has caused him to change his mind, because it seems obvious to me that he must have changed his mind. Because instead of the \$3 million that was taken out of the Consolidated Fund, he is now asking, according to the figures that the Minister of Health gave us this afternoon, that this be increased by \$1 million plus. And at the same time a reduction, a reduction in the contribution that those in the province who are fortunate enough -- this I suggest, Mr. Chairman, most of us in this Assembly are -- those fortunate enough to receive sufficient revenues to pay for hospitalization by way of income tax. I want to hear either from the Provincial Treasurer, the First Minister, what justification has the government got, using as I recall them the words of the Honourable the First Minister at the time of the introduction of The Income Tax Act, I believe it was 1964, because as he said at that time -- and I'm not attempting to quote his words verbatim -- because this will bring about a more equitable charge in respect of hospitalization premiums. It does appear to me in the absence, at least up until the present moment, that the government has retraced its steps and in effect, in effect, Mr. Chairman, is now asking those people irrespective of their ability to pay who now have to pay the five percent utilities tax to absorb a greater proportion of hospitalization costs, in accordance with the figures that were given us this afternoon by the Minister of Health; which absorption is contrary, I respectfully suggest, to the enunciations of the First Minister back in 1962 when he declared that the reason for putting on the six percent surcharge in respect of income tax was for hospitalization purposes, was to relieve the premium holder, and I must hasten to add, Mr. Chairman, that I agree that there hasn't been any indication that premiums will be increased. The Honourable the Minister of Health has suggested that there won't be, despite the deficit for the year '64 I believe it was three hundred and some odd thousands of dollars.

But, Mr. Chairman, I ask the government, I ask this committee, is it not in effect, irrespective of whether or not the premiums for hospitalization have been increased as such, that the administration under the proposal that we have before us are asking the very people who need relief to start paying for it over again. Because I suggest that many of the people who are going to have to pay in to the consolidated revenue through the five percent utility taxes are the very people who cannot afford it, are the very people, Mr. Chairman, that are going to collectively make up this additional million dollars that the Minister of Health says will be the increase from the three to the four millions of dollars and I say again, this is not fair, this is not fair, Mr. Chairman, to the very people that the Honourable the First Minister told us back in 1962 that he was concerned with, that he wanted to bring about a reduction in premium payments by virtue of the income tax.

MR. ROBLIN: Mr. Chairman, I think I can offer some light on the problem that the honourable gentleman raises by pointing out to him that the province's yield from personal and corporation tax in this one year alone under discussion is over \$6 million more than the previous year and that explains why we are doing it this way we have an increase in the yield of our personal income tax and our corporation tax of over \$6 million. -- (Interjection) -- Yes, we have, and over \$1 million, that is before we come to this surtax business at all, before we come to the surtax business at all, there's an increase in our yield of some \$6 million and \$1 million of that could just as well be said to be the million dollars that we're making up. We're getting more from our tax revenues in that way.

MR. PAULLEY: Mr. Chairman, I'm prepared to accept this to some degree, the argument of my honourable friend. Of course it is true that in accordance with the agreement with Ottawa and ourselves, that we are going to receive a greater proportion of income tax in the Province of Manitoba but my honourable friend is missing my point completely, because under the legislation proposed by the government in 1962 this money was allocated specifically for hospital purposes. This is where my honourable friend, I think, Mr. Chairman, is going astray and I respectfully suggest to my friend that the reason that we're getting more money in respect of personal income tax and corporation tax as a result of the abatement policies between Manitoba and the federal authority is to lessen the burden, not on those -- not, Mr. Chairman on those who have not the ability to pay for these services, and in effect what is happening -- I can't follow the arguments of the Provincial Treasurer -- a direct contribution

(MR. PAULLEY cont'd.) for hospital services in the Province of Manitoba out of Consolidated Revenue irrespective of whether or not the revenue from our income tax is going up, but from the very sources of revenue in the Province of Manitoba that my honourable friend opposite increased as a result of the August last session, which as I say included the five percent utility tax, out of that, is coming the increase in respect of hospital costs in the Province of Manitoba.

I appreciate very much the difference insofar as the federal-provincial abatement policies are concerned but, Mr. Chairman, notwithstanding the fact that we are going to receive an increase in the amount collected by personal income tax in the Province of Manitoba, by the very virtue of the decrease in this special tax for hospitalization from six to five percent, the people who can ill afford it are going to have to raise the money or give or be assessed to the government in respect of the five percent utility taxes to make up for the increase in the \$3 to \$4 million which contribution to the Hospital Services Plan will have to come out of the Consolidated Revenue and there is the difference between my honourable friend and myself.

MR. ROBLIN: Well I still don't agree with my honourable friend because if he's saying that the arrangements of last August were brought about because we wanted to -- in order to support the Hospital Services Plan, that's not correct. -- (Interjection) -- You're saying that the arrangements of last August were brought about in order to pay for this million dollars. Well I say that's not the case, and I say that the yield from our tax corporation, income tax and personal corporation, has gone up by reason of two factors, not only because of the larger abatement from Ottawa but because of various other increases in those yields as well. Now if we had reduced the payment to the Hospital Plan by that one percent or one point of which he talks, then I think he'd have a valid criticism but we haven't done that. We continue to make it up, and we are making it up among other reasons because we've \$6 million more from personal and corporation income taxes than we had last year.

MR. PAULLEY: But, Mr. Chairman, my honourable friend is missing my point completely, because I'm saying to him, I'm saying to him that those people who are paying the five percent utility taxes are paying that into Consolidated Revenue. The figures that the Honourable the Minister of Health gave us today indicate from income tax purposes -- and I'm not concerned particularly whether we're getting more on income tax as a result of the provincial abatement, Dominion abatement policies or not -- but the fact of the matter still is, Mr. Chairman, that those people who are assessed the five percent utility tax are paying that into Consolidated Revenue which fund is supplying an additional million dollars and I say to my honourable friend, that notwithstanding the increase in the amount of revenue that the Province of Manitoba will get, due to the abatement policies agreed upon between the Province of Manitoba and the federal authority in respect of income tax -- notwithstanding that, that if those who are paying on the basis of income tax in accordance with the legislation as passed in 1962, into the Hospital Fund they would be paying into that fund on the basis of ability to pay, and I'm saying to my honourable friend that he's utilizing the taxes that many people who have the inability to pay, in respect of the five percent utility tax, into the Consolidated Fund, are making their contribution now through the four millions of dollars, into the very fund that my honourable friend the Provincial Treasurer told us in 1962, was a sort of an ability to pay basis. And if my honourable friend the Provincial Treasurer wanted to take into account the additional revenues that Manitoba will receive as a result of the abatement policy, it could have been used to reduce the amount which the Government of Manitoba are charging in respect of utilities. And I say there's no basis at all of an ability to pay basis, that my honourable friend the Provincial Treasurer enunciated back in 1962. And this is my point, Mr. Chairman.

MR. ROBLIN: But my honourable friend entirely overlooks the fact that the adjustments of last August were to help us finance a transfer to the municipalities and to local government of some \$24 million in direct and indirect improvements this year. That my honourable friend entirely overlooks. That was the purpose of those taxes. And they were imposed in lieu of a general provincial sales tax which would have been far tougher on the people that he's talking about, than what was actually done. We are collecting this year \$6 million more on the ability to pay basis from these corporation and personal income taxes; and we are therefore collecting quite enough on that particular method of collecting taxation. It comes to some \$71 million out of our total budget at the present time; \$71 million are being raised on these two ability to pay taxes. And to argue as he does that we have -- as I take from him -- that we imposed those taxes last August in order to be able to make up what is required for the Hospital Plan, he is quite wrong. We have done no such thing. Now, we're just arguing from two different

MR. ROBLIN (cont'd.) bases, I can see that, but I think my argument is equally valid to his.

MR. CHAIRMAN: The Honourable Member for St. Boniface.

MR. DESJARDINS: Mr. Chairman, on February 24th, the First Minister, appearing on a television program, had quite a bit to say on this and he repeated the same thing on a radio program two days later. And this is what he said, "In 1959, the first year of the plan, it cost the people as a whole \$25 million. A few short years later, in 1964, now it costs \$43 million, an enormous increase of \$18 million. And yet, as you know, your hospital premium hasn't gone up. It is the same today as it was in 1958. And there is a reason for that, and the reason is that the provincial treasury has been offering special aid to the Manitoba Hospital Plan. Then in 1958, our special aid to the Hospital Plan was \$3.6 million. In this year of grace, it will be over \$11.5 million, provincial aid to the hospital fund. Thanks to which we have been able to hold the hospital premium steady; the same today as they were in 1958." He was then accused of misleading the people and he is doing the same thing tonight. He is trying to mislead the members of this House.

Now, Mr. Chairman, just last year we had a special session to try to implement ability to pay, for the people to pay. Now, this had nothing to do -- shouldn't have had anything to do with this hospital tax; and this is what this income tax was. And all of a sudden, this tax is reduced by one percent. Now, definitely the First Minister is saying tonight that this money was put back, the full amount is there -- in fact, the full amount is in there -- he mentioned that the grant was 3.6 and it's up to \$4,121,000 now. Well that's not an increase of a million dollars; and then, one percent would be \$1,125,000.00. But, the point is that this -- let's say that this is replaced. But it is not. It is replaced from a tax -- the Minister told us that it was on this general tax, this tax that was levied in the special session, and that's a tax on utilities, a tax on fuel that we've been talking so much about. Now, how can this be going for this ability to pay? I thought that income tax was about the most honest and best tax, as far as ability to pay? Now I've got the words of the First Minister in 1952. First of all, he explains -- in 1962 -- now he explains to us why this was being done. And I won't read it all, but he explained that you couldn't take this income tax unless you went right out of the plan like Ontario and Quebec did. And this is what he says, "It will be collected for us" -- this is the extra tax -- "by Ottawa at no cost to us. Thus, under this tax collection agreement Ottawa will collect whatever rate of tax the province desire to impose, without charge. And I would like to say, Sir, that we are taking advantage of this provision to raise an additional tax of one percent on the taxable personal income of our people and one percent on the corporation tax in the Province of Manitoba, and we are going to use this money to reduce the hospital premium that we are asking our people to pay." This is very plain and this is his word.

Now, he was talking about the premium, that the premium wasn't right; and this is what he was saying about the premium, Mr. Chairman. "That the fact is that it is the same rate of tax, the same number of dollars on all citizens, regardless of their ability to pay. Rich and poor alike have to pay the same share. This rate was imposed when, in our opinion, at that time there was no alternative to doing so because we did not have an alternative means of raising the money and it must be raised somehow. We did not have an alternative means of raising the money, unless we introduced the sales tax, which some gentlemen opposite might be advocating, to find this money to pay our hospital premiums." This was instead of a sales tax and this is in '62, not last year. "We arranged it with the greatest of regrets but we determined that at the first possible opportunity we were going to relieve these premiums and to invoke the principle of ability to pay." And this is what the Leader of the NDP is saying. A little further, talking about this ability to pay, this is what he says, "We now have the ability to implement that policy in the way that I have suggested. Because it seems to me that a one percent increase in taxable personal income, on the people of our province, that it does introduce that measure of ability to pay." That's what he said in 1962. "Personal income tax is, so far as I can see, one of the best measures yet devised of ability to pay and we are going to take advantage of it. But, Sir, we also maintain that there should be an added contribution such as the general -- from the Consolidated Fund -- to the cost of our hospital system and for that reason we are raising one percent of our corporate income tax as well as to provide that extra money."

Now this was very clear. We wanted to -- the people from this side, wanted at that time to make sure that this was -- although we had these statements -- we wanted to make sure that this money would be kept for that purpose of paying the premiums. We wanted to make sure

(MR. DESJARDINS Cont'd.) and we even proposed an amendment. I think it was the Honourable Member from Selkirk brought this amendment. The amendment: "Mr. Chairman, I have an amendment to add, the new section 7 (a). The amendment, the marginal note to the amendment reads, 'use of excess revenue from special tax'; and the new 7 (a) would read, 'where the amount received by the Treasurer, as per se of the taxes imposed under Sections 6 and 7, together with all revenue, received by the Commissioner of Hospitalization for the purposes of the Manitoba Hospital Services Plan in any year, exceed the cost of operating the Manitoba Hospital Services Plan in that year, the excess shall be deposited in the trust and special division of the Consolidated Fund and shall be used solely for the purpose of reducing the premiums payable under The Hospital Services Insurance Act.' I wish to move, seconded by the", and so on.

Now this is what was clear, what we intended to do, what we wanted. The First Minister answered -- the government didn't vote for this, but this was the explanation of the First Minister at the time. "I imagine that the same goal or the same purpose that my honourable friend seeks can be obtained because we will be quite willing to give an accounting of what money came in in this respect and what was done with it. And that's what he wants, that he can hold us to account or have a full explanation of what became of money that was raised for this purpose, raised for this purpose. Now that course is open to him and I will certainly be expecting that when the estimates are up next year, and the estimates of revenue and expenditure before us, that we will be asked to give that information and we will be prepared to do so. But, we do think, Sir, that it would be wrong to accept the amendment at the present time because it's general constitutional principle that this business of ear-marking is undesirable." That was the only reason.

So, it seems that he agreed with us. We had assurance from him that this money would be used only for this. And I can't see now why this money isn't used to reduce the premium? The First Minister said a while ago that this money was replaced. This is fine; but is he going to promise us this is going to be a commitment of the government, to see that the one percent will always be replaced? This is one thing. First of all, the ability to pay -- well, they can change their policy whenever they want. But this tax, it was put in there for one purpose.

Now the First Minister said, not too long ago, that this is going way up and he kind of gave me the impression anyway, in one of his radio talks or television talks, that not yet anyway, the premium wasn't going to be raised. But, maybe; and this is what I think that the government is trying to do. We wanted them to ear-mark this money in 1962. Now they're taking one percent off; they're raising it somewhere else and it's going into the Consolidated Fund; and one of these years say "Oh no, this is five percent." Now, if he wants to reduce this five percent, we feel that it should be there because this is ability to pay. We agreed with him in 1962. Now if he wants to do that, that's fine; he can reduce the premium or reduce this, if there's too much money for health. But I hope he's not going to come back, or the government will not come back in a year or so and raise the premiums, and say that this is going way up. And I think that the people of Manitoba should know that this is what is misleading, that his words were misleading; because this is not because the government gave a grant, it's because that there was a tax, the premiums were replaced by a six percent income tax and a one percent corporation tax. That is the only reason and it's very plain.

The following year we asked the former Minister of Education what the total estimated amount raised by the special six percent income tax and the one percent corporation tax, and at this point, Mr. Chairman, I'd like to make sure that there's no misunderstanding here. The Minister gave us some figures today. This is not, I hope, only what the Minister is getting under the Department of Health, this is all the revenue derived from this six percent and this one percent corporation tax. This is the question that we're asking. So let's make sure that we understand the question. Well, this was the answer of the former Minister at that time; and this was, by the way, March 27, 1963, Page 735 of Hansard. "But the point is that all of the six percent income tax on taxable income, plus the one percent corporation tax, plus three million grant" -- I've got a note here, I checked this; the grant actually at the time was \$3,175,000 -- "is turned right over to the Commission as this is the actual figure for last year of the ten million two" -- and it doesn't look like it was turned over to the Commission now.

And then I added, Mr. Chairman, "Am I correct in taking from this answer that the total amount estimated, the amount raised all over the province by the six percent income tax and the one percent corporation tax, amounts to 7-1/2 million?" Which was the same point

(MR. DESJARDINS cont'd.) that I was trying to make, to make sure that this was the full amount. "Mr. Johnson: Seven million, two twenty." Not 7-1/2. Now this is clear that although the First Minister explained and I accepted his explanation, he felt that constitutionally it wasn't the right thing to do. And there's another place -- I can find it if my friends want more proof -- that he stated definitely that this money was all going to reduce the premiums. And then he explained why the premiums had been raised the year before -- and by the way they had been doubled but we had been told at the time that they were projecting, that you couldn't just raise every year, so that was quite a bit of money there then, more than needed -- and he explained then, we follow that these premiums, they had no alternative then. We accept this. And then that also they would put all this money in because they were thinking of the ability to pay. We accept this also. But we want all this money earmarked, I think that this is a commitment that the government did. I agree with the Leader of the NDP, I can't see where all of a sudden the First Minister says we need more money, we'll need more money in this field but we're going to reduce the tax by one percent.

Awhile ago, Mr. Chairman, the First Minister tried to explain something that it was a redistribution of tax -- well, that shouldn't affect us at all -- and I think that the government if it's going to be honest and if it meant what it said in 1962, should tell us today that they will always replace it. If they're going to reduce this they'll always replace whatever they've reduced -- in other words this one percent, what one percent which would bring in -- and this year we should have \$1,125,000 plus about \$175,000 because the grant was not \$3 million but \$3,175,000 -- and it's not quite this, we're starting to hedge a bit. I want to make sure that this is not going to be just another way to get this money out of there because this is what we said at the time -- and the First Minister was very pleased to be able to say during this election, 1962 election, who voted against the reduction in premium but Messrs. Molgat, Campbell and Desjardins. I don't know if he remembers that. This is what he said at the time and now he's misleading the people, he misled the people early in the session, and I don't think it's fair. If we have something earmarked for hospitals and if it's to reduce the premium we should reduce the premium. Now the government can run their own show. This is fine. But if they want to reduce this, if they want to be honest, they have to say that they're going to replace this by what they take out.

MR. ROBLIN: Mr. Chairman, we've lived up to that undertaking in every particular, in every particular. That sum of money is dedicated and has been placed at the disposal of The Manitoba Hospital Services Commission and I predict without any hesitation at all, that if we're to keep premiums at the present level that they are now, that we'll probably have to make greater contributions from the Consolidated Fund than these surtaxes will raise, even at the six percent rate. I'm quite free to predict that, I'm sure that will happen. We've lived up to our undertaking in that in any particular and if I have any correction to make in anything I've said it is merely this, that the hospital premiums charged now are not the same as they were in 1958 -- they are actually somewhat lower.

MR. MOLGAT: Mr. Chairman, would the First Minister make a commitment that the contribution will be at least the equivalent of the one percentage point in income tax which has been decreased?

MR. ROBLIN: Mr. Chairman, the government has already in 1962, given its commitment in that respect.

MR. FROESE: Mr. Chairman, last Friday when we discussed this very item under No. 7, The Hospital Commission allocation, I requested a budget from the Minister on The Hospital Services Fund and the Hospital Commission. I made two attempts to get this and I still insist on having a budget placed before the members of this House. I'm not prepared to pass this item unless I do get it because we must have some reason for increasing the item from \$11,200,000 to \$11,426,000.00. On what is this based? Surely we as members should have a right to the figures on which this increase is based, and I would like to have a budget placed before us.

MR. SAUL CHERNIACK, Q.C. (St. John's): Mr. Chairman, I listened to what the Honourable the First Minister said and I'm under the impression that he said that some \$24 million this year is being rebated in some way to the real property ratepayer. I wonder if I was correct in that impression.

MR. ROBLIN: reading my honourable friend's speech of Friday night and I intend to deal with what he said when the budget debate comes up again. But as stated in the budget the increased allocations to local levels of government of all sorts in the present budget,

(MR. ROBLIN cont'd.) direct and indirect, some \$24 million.

MR. DESJARDINS: Mr. Chairman, the First Minister said they've committed themselves in 1962. Doesn't he agree then that these remarks were misleading to the people of Manitoba?

MR. ROBLIN: No, I don't.

MR. DESJARDINS: Well if he doesn't agree, I guess he never will; but I think it's clear to the people of Manitoba when you say to them that the premiums weren't raised because the government is giving a bigger grant, that this is false, because it is because the government brought in an income tax to pay for this instead of premiums. This is very clear. And then he used, my honourable friend used this question of \$25 million in 1959 and \$43 million this year, and in \$43 million we found out just before dinner that some of this is for capital cost. It shouldn't be in there if you want to be fair with the people, if you really want to tell them what they're spending. And then there's new services that were brought in there with more grants from the government. The services in there are practically a million and a half of new services that came in since 1958 and my honourable friend says and the reason is that the provincial treasury has been offering special aid to Manitoba Hospital Plan.

Now when you speak to people over television and if you say it cost the people \$25 million the first year and now it costs them \$43 million well the people are going to believe that they're paying that themselves. And then all of a sudden well it's just that the people -- this was brought in -- why? To defend his taxes of last year. His heat tax and so on and has nothing to do with this. This is why it was misleading. This was to defend -- all that speech on the television, his appearance, was questioning these new taxes that were brought in at this special session. And he says well all right we need the money because the premiums aren't going up. What are you getting for your money on these taxes? And that's not true at all. This was done in 1962 and all of a sudden -- the First Minister said just a minute ago we'll need more money and he is lowering the six percent, which is the best tax if you really want ability to pay, and he's reducing this this year. I can't follow this at all.

MR. ROBLIN: What my honourable friend persists in overlooking is the fact that the yield from the ability to pay tax has been rising very fast from one reason or another. It's \$6 million in the one year under discussion. Since 1962 it's far more than \$6 million.

MR. DESJARDINS: If it's doing so well, Mr. Chairman, why change now. Why put a tax on heat? It doesn't make sense to me.

MR. ROBLIN: Well, I'm not going to get into the budget debate but my honourable friend knows perfectly well that those taxes last August were brought on to finance the redistribution of costs with the municipalities generally.

MR. DESJARDINS: Why change the six percent? This is it. You're trying to involve, like we always do when the First Minister said -- who voted against this premium? We voted not against the premium, we voted against everything else, the reduction of premiums. We voted against everything else and it's always like this. The First Minister is saying, now he is explaining this tax that he brought in last year at the special session. Well, what has this to do with the six percent income tax? The First Minister is saying that it's doing very well. Why do we reduce this? And the First Minister said that it'll cost more than this pretty soon.

MR. ROBLIN: It's got nothing to do with it. That's what I've been trying to tell my honourable friend the Leader of the NDP. -- (Interjection) --

MR. PAULLEY: Mr. Chairman, I'm not concerned with the verbiage that is being used at the present time as to whether the Honourable the First Minister, the Provincial Treasurer is misleading the public or I don't care a continental -- (Interjection) -- Yes you do because of the type of personality that you are.

MR. DESJARDINS: Yes, that's right.

MR. PAULLEY: But I don't care a continental what the Honourable the First Minister or any member of government has said over TV or over radio. I'm concerned, Mr. Chairman, with the figures that we have before us that we are considering.

I've said a few things over TV and radio, and I'm sure the Honourable Member for St. Boniface has too, and -- (Interjection) -- No, I'm sure the Honourable First Minister doesn't like my speeches over radio and TV any more than some other quarters.

MR. ROBLIN: I'm not objecting to your speeches.

MR. PAULLEY: But the point though, Mr. Chairman, is simply this

MR. DESJARDINS: You scratch my back, I'll scratch yours.

MR. PAULLEY: No, it's not a question of scratching anybody's back. It's a question of

(MR. PAULLEY cont'd.) placing before the record and before this committee what is actual and what is correct. And this is what I'm attempting to -- (Interjection) -- No, I guess it wouldn't be parliamentary.

A MEMBER: Write it down, Russ.

MR. PAULLEY: No, Mr. Chairman, I don't mind kibitz from the side, either side. I am however concerned with what is happening to the taxpayer of the Province of Manitoba. What I am saying or trying to say, Mr. Chairman, is simply this: That for the year under review, namely, '65-66, on the basis of income tax and corporation tax the government is going to require or levy, or is estimating, a return of about \$7.3 million, from these two sources. For the year just concluded the government received, according to the figure that was given to us this afternoon by the Honourable Minister of Health, approximately \$8.2 million. In other words the recognized basis of ability to pay for the year just past revenues accrued to the province of about \$8.2 million. For the year '65-66 the amount from income tax and corporation tax will be \$7.3 million. There was an excess of expenditure over revenue insofar as the Hospital Services Fund for the year ending December 31, 1964, and excess expenditure over revenue of some \$318,000.00. The Honourable the First Minister told me or told the committee in answer to me a few moments ago that the basis of the tax levied in respect of the special session last August, was for the purpose of relieving property taxpayers somewhere in the neighbourhood of \$24 million.

The point that I'm trying to make to my honourable friend opposite is that we're going to have a reduction in the ensuing year on the basis of ability to pay of about a million dollars, and we're going to require in order to recoup this reduction on the basis of ability to pay an additional \$1 million on the basis of the not ability to pay taxes that were levied by the Provincial Government last August, and I say to my honourable friend the First Minister notwithstanding the escalator clauses that are contained in the agreement between Manitoba and Canada, that if the ability to pay basis was continued in respect of the allocations to the Hospital Services Fund, we could have levied on the basis of the utility taxes, \$1 million at least less than we are doing at the present time. And this is my argument, Mr. Chairman, with my honourable friend the First Minister that notwithstanding the escalator clauses in the Dominion-Provincial arrangement, he has assessed through the media of the utility taxes and other increases, \$1 million more than he would have had to levy, had he of left the contribution out of income tax the same as it was before. Now I think, Mr. Chairman, this is the sum and substance of my whole argument. To recapitulate, we are going to receive approximately \$1 million less on the basis of income tax and corporation tax from the surcharge that was levied in 1962 by this government. We are going to have to make up that \$1 million out of consolidated revenue and notwithstanding the increases as a result of the escalator clauses in the Dominion-Provincial arrangements, this amount of money is coming out of the pockets of those people who have not the ability to pay for it, through the five percent surcharge on our utilities. I agree with my honourable friend, that we, I agree with my honourable friend we are going to receive more revenue as a result of the changing agreement between Ottawa and Manitoba, but I respectfully suggest for the consideration of this committee, Mr. Chairman, however, that if the ability to pay tax had been retained at the same level it was before, it would not have been necessary for the Provincial Treasurer or the government to levy, to the same degree at least, the taxes which are now being levied upon those people who in my opinion have the least ability to pay.

While my honourable friend mentions the amount of money that is going to relieve the property taxpayer in the Province of Manitoba, he says this would have been preferable to a general sales tax in the Province of Manitoba, this, Mr. Chairman, I can argue with my honourable friend on some other occasion, but the fact still remains that if the ability to pay principal had been adhered to in respect of allocations toward hospital funds those least able to pay would have not been required to pay at least, I say this advisedly, the millions of dollars extra that there is going to have to come out of the consolidated revenue funds of the Province of Manitoba.

MR. ROBLIN: Mr. Chairman, my point is that you can argue this same way on any particular set of expenditures in the whole province or any particular set of taxes, but I say you have to look at them as a whole and we are doing our best by some \$24 million for direct and indirect ways of relieving the taxes on those who own homes and farms in the province. That can't be divorced from this argument. You have to also take into account the total contribution being made on the ability to pay basis, and looked at in total figures it's millions of dollars more than it was in 1962 -- not just six million dollars more but probably at least

(MR. ROBLIN cont'd.) double that over 1962. And I say that this situation is fair. Now if my honourable friend doesn't agree with me that's his right, but I think that we had sound grounds for the steps that we took.

MR. PAULLEY: If I may be permitted, Mr. Chairman, and I don't want to pursue this unduly, but, Mr. Chairman, I want to point out that it was that government, it was that government that back in 1962 suggested that the amounts of money on the six percent in respect of personal income and one percent on corporation income tax should be earmarked for purposes of the Hospitalization Fund and it's all very well, it's all very well for my friend the First Minister, the Provincial Treasurer, to say to me that I could argue this in respect of allocations for different appropriations, I would say, Mr. Chairman, that if we were only doing this in respect of the Hospital Services Fund, I would say that maybe my honourable friend is right, but the fact however, is, Mr. Chairman, that it was the government when in 1962 amended The Income Tax Act, said that this amount of money from income tax should be used for hospital services taxes and what in effect my objection is, Mr. Chairman, that the government has deviated from that at this time and taken \$1 million out of the Consolidated Fund for Hospital Services Fund purposes at the same time as they had increased the contribution to the Hospital Services Fund by \$1 million. So I say to my honourable friend the Provincial Treasurer I would agree with him, that if my argument was based on allocation of different funds for different purposes, but I say to my friend the First Minister, that it was you, Sir, and your government that back in 1962, said in effect that we are going to use this method of the six point in respect of personal income tax and one percent on corporation tax so that we don't have to increase premiums and levy a burden outside of the ability to pay basis for hospitalization in the Province of Manitoba. This, Mr. Chairman, I respectfully suggest is the difference in the argument between my honourable friend and myself this evening, as far as the matter under consideration is concerned.

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MR. ROBLIN: I'll keep this short because I think we've probably exhausted this topic, but my honourable friend overlooks the fact that we are taking from the ability to pay segment of our population and through the ability to pay taxes, not the amount we took in 1962, but millions of dollars more than in 1962, so I do not think that you can fairly say that they are not paying their share of the load.

MR. MOLGAT: Mr. Chairman, if more is being taken from that group, it is because they are able to pay more, because the rate hasn't been changed. The rate hasn't gone up. It's the same rate.

MR. ROBLIN: Our share has gone up.

MR. MOLGAT: Our share of it has gone up, but the total rate of taxation on income tax has not changed. It's the same rate as originally was existing when this was set up and at that particular time the First Minister said very clearly that what we want to do -- this is the First Minister speaking, in October of 1961, "What we want to do is, we want to dedicate one percent of the total taxable incomes earned in Manitoba towards the support of the hospital system in the province, because we believe by that method we can transfer not a new burden on the people but transfer the burden from one set of people to another by means of this ability to pay tax." Now if that statement was correct in 1961, if at that time one percent of the taxable income was a fair load to be placing on these people, then there is no logic in reducing it now. To say that there are more dollars coming from that source does not change the picture, because if there are more dollars coming it's only because they have more ability to pay than they had in 1961 because the rate of six percent which was going to the hospital plan was the same rate, it was the same six percent but the people who were in that category were in a position to pay more because they received more. The government now is changing the principle by reducing the contribution that will be made on the ability to pay principle and the Minister says, but we will keep up the same payments insofar as the hospital plan is concerned, and apparently from the figure that he gives us, it will be very close. My calculation from the figures given to us by the Minister show that it's within \$200,000.00.

MR. ROBLIN: Exactly the same.

MR. MOLGAT: Well it may be. One of the complications in getting the totals is that the Hospital Services Commission operate on a calendar year and the government operates on a March 31st fiscal year and to make the relationship exactly, is a little difficult at times. But if the First Minister says they are identical, fine. But the facts are that to make up that other one percent point the money must come from elsewhere -- from some other source -- it must come from general revenues, therefore it is coming from the general other taxes that are being levied and he is departing from the principle that he laid down in 1961 on ability to pay. Now I'd like to check some figures that were given to us.

MR. ROBLIN: deal with that before you. . . . Are you going to move to another topic?

MR. MOLGAT: No, on the same topic but on some figures. That's fine go ahead.

MR. ROBLIN: I simply point out to my honourable friend that the rate has changed. The rate is now 21. That's the standard rate is now 21 for the province. It was 18 at the time that we were talking. Our levy as a province on the income tax payers of this province has gone up since then. We are not levying 18 on the general levy we are levying 21. It may be it's perfectly true that there's a federal abatement of it but as far as we as a province are concerned, we are levying more.

MR. MOLGAT: the taxpayer is paying exactly the same rate.

MR. ROBLIN: same as the provincial taxpayer.

MR. MOLGAT: the taxpayer is paying the same rate and the principle that was laid down in 1961 was to dedicate one percent of the total tax money

MR. ROBLIN: That's what we're doing.

MR. MOLGAT: I submit that the Minister is moving away from that.

MR. ROBLIN: That's exactly what we're doing.

MR. MOLGAT: Insofar as the exact figures, did I understand the First Minister correctly to say that the income tax on individuals and corporations had gone up by some \$6 million.

MR. ROBLIN: That's our total yield from that form of taxation, including the equalization payment.

MR. MOLGAT: In what year is that?

MR. ROBLIN: This present year.

MR. MOLGAT: Well that doesn't -- oh including the equalization payment from Ottawa?

MR. ROBLIN: Right.

MR. MOLGAT: Yes, because it certainly doesn't show that in the revenue figures when you take income tax, individual and corporation.

MR. ROBLIN: Equalization is based -- is our return on what we should get on income tax and corporation taxes.

MR. MOLGAT: I see. Well then the corporation tax figures doesn't seem to be correlated here, because the Minister of Health when he gave us the figures indicated that the corporation income tax figures for this year were to be 1 million 699 and that for last year they were 1 million 829.

MR. ROBLIN: One million 633.

MR. MOLGAT: Well he gave us the figures 1 million 829.

MR. ROBLIN: Well I think the trouble is there that when our estimates come down, we work on the figures the Dominion Government give us and they gave us the higher figure that was stated. When they actually came to pay the money over to us it turned out to be somewhat less -- and incidentally my friend I think has made some false deductions from that in his speech on the budget and I hope to point out those errors when I get an opportunity -- but the actual take was 1 million 633, not the amount that was estimated because that's based on an incorrect figure given us by the Federal Government.

MR. MOLGAT: Well then the Minister of Health gave us some incorrect figures tonight, because these are the ones he gave to us just at 8 o'clock.

MR. ROBLIN: Well, and then again you have the added complication that one is on a calendar year basis and the other is on a fiscal year basis. I'm looking at the fiscal year basis.

MR. MOLGAT: Well the figures I had asked for, and I asked for this last week, was the exact yield to Manitobans. How much did we get in fact -- since this new taxation started in 1962, how much did we get each year from the six percent personal income tax and the one percent corporation tax which the government said was to be a hospital tax and which was to go completely to the Hospital Plan to reduce premiums. Now these are the figures I ask of the Minister. He gave me a reply tonight but apparently the reply is not correct.

MR. ROBLIN: He's giving you estimated figures but the figure that I'm working on is the one that was shown in the budget speech. Now I do have to warn my honourable friend that these figures do vary by several hundred thousand dollars between estimates and actual, between calendar year and fiscal year, but if the point that he's seeking is whether or not we did in fact credit the Hospital Insurance Plan with the full yield, that one percent, I want to assure him that we have.

MR. MOLGAT: All right. Well then, I wonder if the First Minister or the Minister of Health could prepare a sheet for us indicating the exact revenue, because apparently the figures we got tonight were estimates and I would like to have over the period that the tax has been in effect, the actual yield to the Province of Manitoba each year from this particular tax, probably on the basis of the fiscal year of the province so that we can see exactly what happened to it.

MR. PAULLEY: Mr. Chairman, there's one other question I would like to ask either the Minister of Health or the Provincial Treasurer. I'm interested to know what a projection of the revenue would have been in respect of the year under review, namely, '65-66 had we retained or had the government retained the six percentage points and the one percent corporation tax for the year we're in currently.

MR. ROBLIN: I stand to be corrected but I believe the extra one point of which he talks is worth approximately \$1,100,000.00.

MR. PAULLEY: Then Mr. Chairman, this then establishes the point that I've been endeavouring to make that had the projection or the stipulations as laid down in The Income Tax Act of 1962 without a reduction in the income tax amount or apportion toward the Hospital Services Fund been continued it would not have been necessary to take out the \$1 million out of general revenue or the Consolidated Fund in respect of the hospitalization fund.

MR. ROBLIN: Well, I simply repeat that that had to be looked at in consideration of the fact that our share of the income tax on the standard basis went up from 18 to 21 percent, so instead of last year we were making 18 plus 6, 24 points, we are now taking 21 plus five, 26 points from the personal income taxpayers.

MR. PAULLEY: This I appreciate very much, Mr. Chairman. It's not my purpose to carry on this very interesting discussion. Again the point that I am making is that irrespective of the increase as the result of the abatement in taxes between Manitoba and Canada is

(MR. PAULLEY cont'd) concerned, had we continued the same policy of the six and one percent income tax contribution to the Hospital Services Fund we would not have had to levy from the Consolidated Fund directly to the Hospital Fund this additional millions of dollars. Now this is my whole point.

MR. ROBLIN: I say that we've actually increased the personal income tax from 24 points to 26 points all in.

MR. PAULLEY: Mr. Chairman, every time the First Minister get up he -- (interjection) -- the First Minister every time he gets up gives me more basis for my argument, because based on the ability to pay whereas through income tax last year to the Hospital Services Fund we had approximately \$6.3 million we're only now on the basis of income tax returns going to get \$5.6 million. And that's not counting, Mr. Chairman, the corporation tax.

MR. ROBLIN: Well, I don't think you can overlook the fact that our total demands from the personal income taxpayer has risen from 24 points to 26 this year.

MR. PAULLEY: Mr. Chairman, they have not. This is my point with the Honourable the First Minister in this regard. Our total demands insofar as Manitoba is concerned on the income taxpayer have not increased.

MR. ROBLIN: Yes they have.

MR. PAULLEY: All that has happened, Mr. Chairman, as my honourable friend well knows, that as a result of the agreement between Manitoba and Canada we're receiving a greater proportion of the income tax that is levied here in the Province of Manitoba in lieu of the other shared agreements that we had previously. We're not levying any more insofar as income tax is concerned. As a matter of fact, Mr. Chairman, we're reducing it. This is actually what's happened insofar as the income taxpayer is concerned. If the agreement between Ottawa and Manitoba didn't contain these escalator clauses, that is whereby the Province of Manitoba received the greater proportion of the income tax that's collected in the province, we wouldn't be receiving this extra revenue. My honourable friend knows that. And I can't Mr. Chairman, for the life of me, understand his arguments contrary to this. This is a fact. Sure we're getting more money now into the Provincial Treasury, but income taxes haven't increased. The only increase insofar as dollars and cents are concerned -- and may I respectfully suggest, all too few dollars -- is as the result of greater income within the province itself.

MR. ROBLIN: Mr. Chairman, I have to point out to my honourable friend that we're no longer on the tax-sharing agreement. That's been abolished. That doesn't exist. We're on a tax collection agreement and we have to strike our own income tax rate and our own income tax rate in this province with a standard rate plus the surtax was 24 points last year, it's 26 points this year and that is the provincial tax structure.

MR. SMERCHANSKI: Mr. Chairman, I wonder if I might ask the Honourable Minister of Health, does he in fact know the cost of renovation for the proposed changes at the Grace Hospital at the Arlington Street location? I understand there have been some plans prepared, there has been certain studies made on it. Is there in fact a figure that will be used in terms of the renovation of this site? Does the Minister know this?

MR. WITNEY: Mr. Chairman, the answer is no. There's been a functional program submitted to the Hospital Commission which still has to be debated between the Hospital and the Hospital Commission. I thought I had answered the Honourable Member for Rhineland the other night when I pointed out to him that the Manitoba Hospital Commission were budgeting for \$49,746,897 for '65.

MR. SMERCHANSKI: Mr. Chairman, I have been attempting to get from the Honourable Minister some facts in connection with the Grace Hospital and I have not been able to get them and it could be that maybe the Minister himself is not fully aware of the facts; but it is my understanding that the proposed specialized service and renovation at the Grace Hospital on Arlington Street, including the new power house, including the additional land acquisition and the new facilities for a total of some 200 beds is going to run close to \$4 million.

Now at the St. James site of the Grace Hospital, I understand that these additional 200 beds instead of being located at Arlington Street, could be just as effectively located at St. James for a cost of \$2 1/2 million. To say that these two locations are going to be complementary and to be used as an acute hospital does not add up into a proper economic group. Also to say that these additional beds are not needed at the St. James site and yet on the other hand to be able to say that the two units will be operated jointly and more efficiently does not make economic sense and I would recommend, Mr. Chairman, to the Honourable Minister, that

(MR. SMERCHANSKI cont'd) somebody is wasting or spending a \$1 1/2 million of the taxpayer's money. Now the thing is that the Grace Hospital on Arlington at the present time could quite conveniently be converted to a chronic hospital at a cost of some \$500,000 and there is a definite need for additional chronic beds in Winnipeg.

Now I am wondering, Mr. Chairman, if there is not some other group that is moving along in this direction, and maybe the Minister is aware of it and maybe the Minister is not aware of it, but it would seem to me that this is certainly, Mr. Chairman, economic suicide in terms of getting proper hospital accommodation in reference to these two locations and I would like to know from the Minister simply why, why is it that you have these two locations? Is it because the St. James Grace Hospital is likely to end up with more beds than the General Hospital? How can we arrive at an economic balance and say that it is more efficient to operate two units completely separate from each other than it is to operate one unit which can be operated more efficiently? Why are we making this costly decision? What is the reason for it? Why should the Hospital Commission through this Government, wisely or directly or indirectly be spending a million and a half dollars of the taxpayers' money for no good reason. I would appreciate if the Honourable Minister would tell me simply why?

MR. WITNEY: Mr. Chairman, there have been no decisions made. As I mentioned to the Honourable Member for Burrows, the functional programs have been submitted to the Hospital Commission and they are merely programs to permit discussions with the Hospital Commission and those discussions are being held with the Manitoba Hospital Commission, or will be soon, and the Salvation Army people. But there has been no commitment made.

MR. PAULLEY: Mr. Chairman, I just want to ask the Minister of Health one question dealing with hospital expansion and it concerns my home town, the City of Transcona. I understand that Council the other day agreed to allow an option to be held by the Seventh Day Adventists for the construction of a hospital in the City of Transcona. I've no objection, Mr. Chairman, to the Seventh Day Adventists or any other organization, but I'd like to know whether or not representation has been made to him as Minister of Health or if he's aware of any that has been made to the Hospital Commission in respect of building a hospital in the City of Transcona. As I review the Willard Commission no mention has been made of this but I would like to hear because some people in my home city have raised this question to me as to whether or not there is a likelihood of permission being granted for the construction of a hospital in the City of Transcona.

MR. FROESE: Mr. Chairman, I want to thank the Honourable Minister for giving me the figure of \$49,746,000 as being the budgeted amount required for the ensuing year, the coming year. Last year we spent some \$45 million, a little better than \$45 million, and from this \$49 million I take it some \$13 million will come in through premiums. Am I correct? And that the balance will have to be made up by the federal government, which would be some \$25 million. I would like the Minister to correct me later on if I was wrong, but then coming to the other side of the picture, last year we spent \$41 million for public general hospitals and \$1,700,000 on federal hospitals, then \$614,000 on company hospitals, and hospitals outside the province \$621,000.00. Could he give me the figures that they anticipate for the coming year under these headings? A further question is, we have an accumulated deficit of over 4 million in this Hospital Commission at the present time. Does this budget of \$49 million provide to cover any of those deficits? Are we going to reduce them? What happens to them -- or are we going to increase them? What is he budgeting for? Is he budgeting for a surplus or for a deficit? I would like to know these things.

MR. WITNEY: Mr. Chairman, the figures with respect to the budget hospitals, they will be roughly about \$41,586,000, and the non-budget hospitals will be about \$2,687,500.00. Those are the two figures that he asked me about. With respect to the latter I'm not sure; I'll have to find out for him.

MR. FROESE: Mr. Chairman, this would then provide funds to cover the deficit. Am I correct?

MR. ROBLIN: Mr. Chairman, that deficit arose from the fact that when the hospital plan was started it began to get paid, began to take care of costs six months before the premiums were actually collected, and in a sense, that's really a bookkeeping deficit and it's not one that we intend to recover from premiums at the present time. If you will remember the hospital plan came in on the first day of July 1958 but the premiums were collected for the six-month period following that, so the first six months' costs became a deficit and have been reported as a deficit in the books of the hospital plan ever since. It's not intended to change that.

MR. CHAIRMAN: passed.

MR. CAMPBELL: Mr. Chairman, is that exactly correct that the Honourable the First Minister just mentioned? Wasn't it a fact that there was provision made for a grant from the Consolidated Revenue to take care of that anticipated deficit?

MR. ROBLIN: No, Mr. Chairman, I don't think so. I think the grant from the Consolidated Fund at that time had to do with taking over certain welfare costs that were formerly charged -- hospital costs that were formerly charged to welfare. There was not an effort made at that time to budget for that anticipated deficit.

MR. WITNEY: Mr. Chairman, in answer to the honourable member, I have had no representations made to my office by the Seventh Day Adventists. I'm sorry I can't answer for the Manitoba Hospital Commission because I'm not sure about that.

MR. SMERCHANSKI: Mr. Chairman, I can't figure this thing out then, that we are budgeting for \$49 million and what the Minister just said amounts to \$44 million, the expenditures. Why are we budgeting for a \$5 million surplus then? Where is he going to spend this \$5 million?

MR. WITNEY: Mr. Chairman, in that figure there is \$1 million for construction grants, and there is \$1,778,000 which is going to be the estimated cost of operating the Commission, and the rest are for other things such as insured out-patient services, and for consultants' fees and home care programs.

MR. CHAIRMAN: passed.

MR. SMERCHANSKI: Mr. Chairman, I'd like to ask an additional question on Hospital Services and that is, has there been a survey or a study undertaken in reference to the diagnostic services as covered under what is known as Plan HCX? Now I spoke about this plan the other evening and it seems that I was unable to relate the exact situation. Now it has got something to do with the Manitoba Hospital Commission, and I'm wondering has there been any consideration given to include diagnostic service under the jurisdiction of the Commission, and could this be done with some modification of what is known as the federal Bill 320 in terms of diagnostic service? I think that this is of great importance, Mr. Chairman, simply because at the present time we are in the province, to the Manitoba Medical Service, and in particular in Metropolitan Winnipeg, are subsidizing this plan to the tune of \$300,000 per month, and I would like to have the Minister make an expression because this is something that has been current not only in the last two months or six months or a year, and it would seem that the cost of diagnostic service in Winnipeg is completely unrealistic. It would appear that somebody in the form of clinics is making an undue amount of profit by using their equipment which is being subsidized by the subscribers and the practising doctors, and I think that something should be done; a study should be made; a proper survey should be conducted; and resolve this matter in a proper manner because it is most unfair to the subscribers and to the practising doctors in reference to the diagnostic service that is being rendered in Metropolitan Winnipeg.

MR. WITNEY: Mr. Chairman, is yes. The studies are continuing and I have agreed to meet further with the Department of Health, the Manitoba Hospital Commission, the MMA and the MMS.

MR. CHAIRMAN: passed, Resolution No. 55 -- passed. Resolution No. 56 -- passed.

. . . . continued on next page

MR. CHAIRMAN: The Attorney-General's Department, on Page 10. We are on Resolution No. 48. 5(a) (1) --passed; (2)....

MR. CAMPBELL: Mr. Chairman, I have a few questions to ask in connection with 48. I notice in the Public Accounts that we have some --as you're aware, Mr. Chairman, I am not dealing with No. (1), I'm dealing with No. (2) and perhaps while I'm at it with No. (3), but they are all covered under the one item that we are discussing of (a) (2) and (3).

MR. CHAIRMAN: 5(a) (1) was passed.

MR. CAMPBELL: 5 (a) (1), well I'm not interested in this anyway. I'm interested in (2) and (3), and under (2), which covers a multitude of operations there, I notice in last year's public accounts that we have legal fees \$9,037 and some cents. Now I realize that that's a year ago and I realize that there has been a fiscal year completed since that, and I would be interested in getting from the Honourable the Attorney-General what the legal fees have been in this year that has just been completed, twelve days ago--the amount of that. If the Honourable the Attorney-General hasn't it at the moment he could get that for me, at his convenience.

Then a little further down, Miscellaneous --this is on page 132 of Public Accounts-- we have an item of \$12,485 of gratuities to discharged prisoners. No, that's the total, and then the item under that is gratuities to discharged prisoners \$2,233.50. I'd be interested in knowing what that item is for the year subsequent to our present public accounts, that is, the year just closed. Then on item (3), the grant to the John Howard and Elizabeth Fry Society, I notice that this one is approximately \$5,000, exactly \$5,000 I believe, higher than last year, and I am aware that other organizations contribute to this society as well. The Government contributes this amount of money and several other organizations contribute some money. Now what I would like to receive from the Minister, Mr. Chairman, would be the total budget of this Society and then the breakdown of the expenditures --I don't know, I wouldn't expect that the Minister would have it with him but he may have, and if he has I'd be glad to get it --the breakdown of the expenditures so that we can see to what purposes this contribution is directed. Apparently the Society has commended itself to the government because it's getting \$5,000 more this year than last year, and I suppose that its total budget has gone up a certain amount. My interest is in the amount that it gets in total, the breakdown as between salaries, expenses, and then the amount of money that it disperses similar to this one that I have mentioned earlier, the gratuities to discharged prisoners. Now I suppose that it's a fact that the assistance that's rendered by the John Howard and Elizabeth Fry Society is not just the handing out of money. As a matter of fact perhaps that's a small part of the work that they do, but I would be interested in just how much actual money they disperse in that way, and as well, the general breakdown of their --the total of their budget and the breakdown of it.

MR. GRAY: Mr. Chairman, my interest in this item is chiefly what are they doing. It's not the \$5,000. If they do good work give them another \$5,000. I'm not worrying about how much they are getting, I'm just worrying what are they doing and what's their success in their work, and how far are they going to help out those who need help and for those that they are getting a grant.

MR. HILLHOUSE: Mr. Chairman, we did have some discussion in committee respecting bail, and I think it's generally agreed, which is correct, that the magistrate fixes the bail on the recommendation of the Crown-Attorney. Now, in order to take care of bail, applications for bail, in rural Manitoba where perhaps there is no Crown-Attorney present and perhaps there is no magistrate nearby and you have to rely upon the services of a JP, I would like to make this suggestion to the Honourable the Attorney-General, and that is this: That I don't think it would be impractical to set up a schedule of suggested bail amounts and to furnish your JP's in the country with that schedule, so that if they are unable to contact the Crown-Attorney for that particular district they could be guided by that schedule in fixing the amount of bail. Now I make that suggestion believing that it might help to solve a situation which at some times can get rather annoying in rural Manitoba.

Now, there's another matter that I'd like to deal with, Mr. Chairman, and that is the difference in practice prevailing in the City of Winnipeg as against rural Manitoba in respect of the incarceration of people charged with impaired driving. My understanding is that in the City of Winnipeg, if a person is picked up for impaired driving, that person is usually released by the police without the necessity --of maybe on his own recognizance; whereas in rural Manitoba that person is held in custody, usually overnight, if the offence takes place in the evening, and it's necessary to have that person bailed out. Now I know of a lot of instances where that has happened, where the people that have been charged with impaired driving and

(MR. HILLHOUSE cont'd). who have been required to put up a bail bond, with sureties or without sureties, who were responsible citizens in that area, and after all the only reason why bail is insisted upon is to ensure that person's presence at the trial, and it seems to me in those cases that there should be some attempt made at uniformity of practice between Winnipeg and rural Manitoba.

MR. E. R. SCHREYER (Brokenhead): Mr. Chairman, I don't want to appear to contradict the Member for Selkirk, because he has more experience in this field, but my experience with this problem is just the opposite of what the Honourable Member for Selkirk relates. Two of my friends who were caught with impaired driving in the area of Winnipeg were incarcerated and in fact kept over night, and bail was not set until the next morning; whereas in rural Manitoba, in the area that I'm more familiar with, it has been rather the opposite. The situation that obtains in Winnipeg, according to my honourable friend, is the one that obtains in the rural area that I'm familiar with, so it seems that what we can deduce from all this is that it's a generally confused situation, and --I don't want honourable members to get the wrong ideas as to the kinds of friends I keep.

MR. McLEAN: Mr. Chairman, the matter of the legal fees for the year April 1, '64 to March 31, 1965 and gratuities to prisoners for the year April 1, 1964 to March 31, 1965, I of course will have to obtain. I will give what figure we can. I'm not too certain that all accounts are paid, but whatever the figure is. Now the budget of the John Howard Society, I can give the members this information. The John Howard and Elizabeth Fry Society operates on a fiscal year which coincides with the calendar year, and I have their statement of cash receipts and disbursements for the year ended December 31, 1964. I find that they have total receipts of \$48,777.15, and those receipts are made up of grants from the Province of Manitoba, from the Community Chest of Greater Winnipeg, the Winnipeg Foundation, the Government of Canada, the City of Winnipeg, donations and memberships. And for that same period they had expenditures of \$52,725.68 and those disbursements cover a wide range of items, the main one however, being that of salaries --\$39,354; and then there runs through various items: pension contributions, rent, telephone, postage, stationery, publicity and advertising, office equipment, conferences and training. I notice one item --travelling expenses, \$1,695, a little larger than some of the other items -- and then, there are emergency assistance: meals, \$2,252; lodgings, \$1,732; some transportation; small items of \$646; miscellaneous \$672.00. That would make it appear that while the John Howard and Elizabeth Fry Society is not engaged in direct payments, as far as I'm aware, to the prisoners, they do obviously provide meals and transportation, lodging, and other assistance of that nature. It will be noted, as I say, that for the year which ended on the 31st of December 1964, that the Society had a deficit.

There is a tentative --or perhaps I shouldn't say tentative; it's an estimated statement of income and expenditure for the year 1965 in which they show estimated receipts of \$43,200; and they have not shown the additional amount that is included in our estimates this year, so that if these estimates are approved that amount will increase by \$5000.00. Their expenditures --and the note here is "required to maintain present level of service"-- amounts to \$52,850, and that would leave them with a deficit or an amount to be recovered of \$9,650.00. Well, as I say, if we are successful in these estimates, that will be reduced by that amount. I think that perhaps that would be the information that would be helpful there.

On the same point, with regard to the Honourable the Member for Inkster, he asks what is the John Howard and Elizabeth Fry Society doing. Well, they are very much involved in the matter of what we call after-care; that is to say, their representatives, the counsellors, or workers I believe as they call them, on their staff interview the prisoners when they are in both the provincial jails and in our rehabilitation camps, and in the penitentiary, of course, as well; discuss with them their plans upon their release. They are, many of them, trained social workers; indeed they may all be trained social workers as far as I'm aware; and they endeavour to do what they can in the way of preparing for their discharge and assisting them after they have been discharged. Many of the tasks which they perform are related to family problems, employment problems of course as well, and matters of that general nature that are designed to assist people on their discharge from either the penitentiary or the jail. In addition, I would like to say they do things for the prisoners while they are in the jail. For example, they have upon occasion --I think once or twice-- presented a piano which they have secured for the prisoners, the use of the prisoners. Perhaps two months ago --if the Honourable Member for Gladstone-Neepawa was here he might be speaking about the green sheet or the red sheet or whatever colour it was, which announced that the John Howard and

(MR. McLEAN cont'd)..... Elizabeth Fry Society had presented a set of The Book of Knowledge for use at the jail, a very substantial contribution which they were able to secure and which they presented for the use of the prisoners within the institution; and that is but only an illustration of the work which they do for the folks within the jails.

Their assistance is also extended to those who are in some of the outside jails --that is outside the Metropolitan area of Winnipeg. They give assistance to those who are in the jail at Brandon, I know, and there's a local chapter or group of the Society formed at Brandon and I believe perhaps in some of the other jails as well, although not as extensive, because they don't have the number of personnel or the resources to give complete coverage. The fact that the Government of Canada is interested in their work is indicated by the fact that in the year which closed, their grant from the Government of Canada was \$13,715 as compared to our own \$12,400.00 --we're fairly close there-- supported by both governments.

A schedule of bail amounts; that's a good suggestion and one worthy of consideration. This whole problem, as I'm certain the Honourable the Member for Selkirk from his own personal experience knows, is not an easy one. There are elements of judgment always involved in --I certainly know that if the Honourable Member for Brokenhead appeared with his friends I would be inclined to let them out very quickly and without too much difficulty. But there are many considerations that go into this question of granting bail, the nature of the.....

MR. SCHREYER: Mr. Chairman, I don't want to interrupt but the Honourable Minister has left an unfortunate connotation, that I appeared with my friends in the course of setting bail, etc. This is not quite correct. I certainly didn't try to intercede in any way. I just mentioned that I knew from experience, from the experience of two of my friends, that they did have this problem. I wasn't even there in one case. In one case I did appear to set bail, to pay the bail.

MR. McLEAN: Mr. Chairman, my apologies. In any event there are, as I say, many problems that one has to be taking into account, and it is perhaps a matter where a Justice of the Peace or a magistrate must make a fairly quick decision without always having all of the facts available, and I think by and large that wise decisions are made but certainly I know of cases and have had experiences myself where I was not too well satisfied with the result. Whether on reflection I would have thought otherwise is another matter. I believe that we are guided, or the members of the staff, the magistrates and the justices of the peace are guided by the importance of remembering that the accused person is innocent until he has been proven guilty, that the obligation is to ensure the appearance of that person for his or her trial. I am glad to have the suggestion, however, because we are planning a conference of magistrates for the end of May, assuming the Legislature is concluded by that time, and I will ask that this item be placed on the agenda for consideration. Now that's a conference of magistrates, not a conference of justices of the peace, but perhaps in that way we can begin consideration of this important matter.

MR. CAMPBELL: Mr. Chairman, does the Honourable the Minister have the breakdown, or in the breakdown does he have the figure of what contribution is made to the John Howard Elizabeth Fry Society through memberships?

MR. McLEAN: Yes, Mr. Chairman, it's shown for the year ending Dec. 31, 1964 as \$548.15, and in the budget for this current year they show it as one item, donations and memberships \$1500.00. It would look to me as if --yes, that's about-- because there was \$914.00 donations in the last year so they are probably estimating members, I would think, about \$600.00.

MR. GRAY: Mr. Chairman, I wish I was not misunderstood by criticising the work of the John Howard Society. I know their work and I think they are doing a marvellous job, particularly interviewing the prisoners as far as Headingley jail is concerned, and trying to prepare for their release. My criticism is that the grant that we are giving them is sufficient --that's No. 1. No. 2, there are about 400 prisoners, close to 400 prisoners discharged every year, and the gratuities as far as Headingley jail is concerned is only \$1,087.00. That gives very very little gratuity for a man to leave jail, penniless, get to Winnipeg and at least out for the first meal until he gets a place somewhere. My criticism is that the gratuities are very small, and also that the John Howard Society, for the work they are doing, rehabilitating the prisoners, finding jobs for them, our contribution, although it's a little bit increased this year, is still not sufficient, but I was not criticising their work.

MR. ELMAN GUTTORMSON (St. George): Mr. Chairman, the Minister, if I understood him correctly, said they were operating on a budget of some \$52,000, and of this \$39,000 was

(MR. GRAY cont'd).....paid out in salaries. Could he tell me how much of the \$39,000 is paid to the chairman and how much money is paid --how many other employees have they got?

MR. McLEAN: This information I do not have, Mr. Chairman. It's just shown as "salaries". This is the only --it's the audited statement of the Society but they do not indicate individual persons.

MR. GUTTORMSON: Mr. Chairman, is any grant made by the government to the Salvation Army for this type of work?

MR. McLEAN: No.

MR. GUTTORMSON: Mr. Chairman, I would wonder why that was, because in my experience in talking to people, ex-inmates, the Salvation Army does more for discharged prisoners than any other organization that we have in the province, and if you talk to an ex-inmate they'll tell you that they frequently go to the John Howard Society and they're referred to the Salvation Army where they are given assistance and perhaps money to get home, and clothing. I sat in the courts for many years a few years back, and it was the Salvation Army who were always on hand to help the prisoners. No other organization did the job that the Salvation Army did, and I think that if consideration is going to be given to anybody helping out the prisoners, the Salvation Army should come first.

As the Member for Inkster just pointed out, I think some, maybe \$1,000 is given out in the course of a year. They just don't do anything for the prisoners in relationship to what the Salvation Army does. The Salvation Army send men out to the penitentiaries; they're in court practically every day, and prisoners have told me --and I'm assuming they are telling me the truth because the same story is borne out by different inmates-- that when they go to the John Howard Society they are referred to the Salvation Army for help. Now something seems wrong when one agency who's getting the money is referring them to an agency which isn't getting the money.

MR. CHERNIACK: Mr. Chairman, what item are you on?

MR. CHAIRMAN: 5(a) (2).

MR. CHERNIACK: 5 (a) (2). I had planned, Mr. Chairman, to wait --I want to ask questions in relation to bail and in relation to pre-sentence probation officers' reports. Now I thought that would come up later but the Minister has already mentioned both matters just recently in his replies. Are you prepared for me to deal with these now or would you rather I waited until we came up later on in the estimates?

MR. CHAIRMAN:now to deal with bail.

MR. CHERNIACK: Bail? Thank you, Mr. Chairman. Well I have had occasions, and others of us have had occasion to mention the bail system and the possibility that there are some shortcomings in it, and I received an article which I am sure the Honourable Minister will be glad to read in due time, when he has time, an article prepared by Caleb Foote, professor of the University of Pennsylvania Law School on the bail system and equal justice. He starts out with a rather interesting quotation which I would like to read, Mr. Chairman. "The prosecution in a murder case must at once demand bail from the defendant, and the latter shall provide three substantial securities as approved by the Court of the Judges in such case, who guarantee to produce him at the trial, and if a man be unwilling or unable to provide these sureties the Court must take, bind and keep him and produce him at the trial of the case. I think that's a statement of the philosophy of bail as it is today, and I don't know whether it's disturbing or comforting to realize that this was said some 2300 years ago by Plato, and I wonder whether he had quite the full approach to this problem."

This article, which is lengthy and which I don't intend to quote further, deals with a study that was made in both New York City and in Philadelphia on the purpose and use of bail and the misuse of bail, and it points out the danger that the allegiance to the presumption of innocence as a basic foundation of the protection of society is sometimes contradicted by the excessive use, or the use of excessive bail, and the study that was made was made in order to ascertain just what the impact of bail was and whether it accomplished its purpose.

Now the conclusions to which they came point out that there are very serious deficiencies in the pre-trial release in these two cities. It speaks of the fact that many defendants were unable to furnish bail even when the amount set was nominal. A large percentage, some 28 percent in New York of those held in \$500 bail couldn't raise it and were kept in jail, and this is for minor offences. As the amount of bail required rises above \$1,000 the likelihood that a defendant will obtain pre-trial release drops sharply, indicating that --and these statistics I think are interesting-- 45 percent cannot obtain release at a \$1500 bail, 63 percent at

(MR. CHERNIACK cont'd)..... a \$2500 bail, 75 percent at a \$5000 bail, 86 percent at a \$7500 bail, and they find that the statistics are pretty high in all cases in both cities.

Now he states that bail is supposed to be set in an amount sufficient to ensure the defendant's presence in court. This is the only standard, and suggests further that bail should be set no higher than is required for this purpose, and now I'm quoting for two or three sentences, Mr. Chairman: "Our law does not sanction punishment before trial or deliberate denial of pre-trial release because an alleged offender may be regarded as a potential recidivist or as otherwise undesirable in the eyes of the Judge. To make the determination of the amount of bail which is required to ensure appearance for trial, the court is supposed to make an individual study of each accused. All relevant factors should be weighed, including the obvious one of the accused's financial ability." He says further: "If a defendant has lived and worked in the same community for a number of years and is currently employed, if he has a family with whom he lives, if he belongs to a church or a union or other social organization, he would appear to be a good bail risk, almost without regard to the crime with which he is charged."

I don't want to quote further from this, Mr. Chairman. You can see it is a lengthy article, but it's concluding sentence states That if expedience -- in regard to bail and easier release-- are "insufficient to bring all accused to justice, it must be remembered that the bail system itself rests on the premise that conditional release on bail is a calculated risk which the law takes as the price of our system of justice," and here he quotes Mr. Justice Jackson in the United States Supreme Court case.

Now I would like to know, Mr. Chairman, whether a study has been made by the Attorney-General's Department of the impact of bail, of the nature in which bail is set and the research which is done --or the investigation rather; that's a better word-- which is done into each individual case as is suggested in this article. It is my impression that there's a pretty superficial decision, or pretty superficial review made of a case in question before bail is suggested. I'm not saying "set" but "suggested," and I know that there is a great deal of investigation when the accused has a lawyer appearing and arguing his case for him, but I am concerned about the manner in which bail is set in the very first day, right after the arrest --just how is it determined; what investigation takes place; and I would like to suggest that a study such as this one from which I am quoting would be made in this area, or would be made in Canada. I do not believe that the excesses that are referred to in this report exist here, and for that reason I have stayed away from quoting the startling statements that some judges in New York or Philadelphia are --well, did make, in connection with bail setting. I don't want this to be taken out of perspective. I'm not making any general accusation in order just to arouse the fire of the Attorney-General but I would like to ask --he is in no mood for fire, I see --I would like to ask whether an investigation is made on occasion, whether one has been made, or whether one is contemplated, to make sure that the rights of the man who cannot or does not engage legal help are fully protected and I mean that in the lesser cases. I've received letters --well, and so have we all, I suppose-- from Headingley complaining about bail being set that was so high that the man couldn't get out. One man here refers to the fact that he's been in jail --this letter is dated in April-- he says he's been in jail since February 8, 1965, on a charge of breaking and entering of which he says he is innocent. But in any event, that was February 8th --March, April, two months have gone by and he states in his letter-- and again, I don't know his particular case and I'm just suggesting that investigations are important.

He states in his letter that bail was set too high and that he is not a wealthy man, but he is a married man with a seven year old son. He was working at the time of his arrest and he states where he was working, "this job now lost because of my arrest," and he is in jail. Now, he may well be guilty, but I doubt, I doubt very much if a man with a wife and a seven year old child, a man who has a job, would skip out and would be lost to society by his desire to avoid a trial. I would like to hear what investigation is being made and has been made, in terms of the present practices in regard to bail.

MR. McLEAN: Mr. Chairman, I would say that the most recent decision of the courts which outlines the basis on which the Department proceeds, is set out in a decision, written decision, of the Honourable Mr. Justice Monnin of the Court of Appeal in the case of Rodway and Opicnic, and the Queen. And in this decision, His Lordship reviews the law and the practice and sets out the considerations that should apply in the case of applications for bail; and this is the basis upon which the Department proceeds. His Lordship sets out eight items

(MR. McLEAN cont'd). which are to be considered in applying for bail, pointing out that one of the considerations is of course the basic test, as he calls it, is whether or not the accused will appear for trial. But that is not the only consideration; and then His Lordship goes on to set out the matters which are to be considered, including the matters to which reference has been made by the Honourable the Member for St. John's. It's a rather different approach, I think, than the article to which he refers. I received a copy of the lengthy document from Mr. Turner as I'm sure the Honourable the Member for St. John's did. I thought I had it with me but I seem to have mislaid it for tonight. However, happily, I don't have to answer, Mr. Chairman, for what goes on in the United States. It's bad enough what goes on in Manitoba. This matter of --and perhaps I should say that His Lordship Mr. Justice Monnin sets forth in his judgment here, the cases which are the guiding cases, the decided cases of our courts which are followed.

Now, all I want to say is that while this wouldn't qualify as a study, but it's a pretty thoughtful outline of the considerations which I believe ought to be followed and this is the basic document which is followed by the members of the Department of the Attorney-General in matters of this sort, that is, so far as the Crown Attorneys are concerned. Now, we do not tell the magistrates or the Justices of the Peace, what the bail shall be, but our representatives ensure that as far as possible the correct principles are applied. There is always a difference, and I would be very foolish not to acknowledge it, between perhaps that person who is able to secure counsel, who may be vigorous in presenting the claims for bail and the person who does not have the benefit of counsel. However, I think we mustn't let this get out of proportion. Virtually the only people who are in custody pending or awaiting trial are those who are charged with the most serious offences and to perhaps allow the impression to be created that large numbers of people charged with perhaps not so serious offences are languishing in custody because they can't get bail is perhaps not quite the impression, I am sure, that the honourable the members wish to leave. In other words, people oftentimes --I'm sure that if one were to make a survey, you would find that those who are in custody awaiting trial are those who are charged with serious offences, people who have perhaps a lengthy criminal record, people indeed who may have a record of having not complied with previous bail bonds; and when you've taken these folks into account, you've probably got pretty well all of the folks who are in custody awaiting their first trial. And I just put that to the committee that I'm conscious of the importance of this, but I wouldn't want it to be distorted out of its proper perspective and just make that comment.

The other comment, and we try our very best to be particularly concerned about people who have not been perhaps represented by counsel, and who are in custody for maybe a longer period than perhaps we would think ought to be the case, and I have been assured and indeed I am satisfied that the Crown does everything possible to ensure that where bail cannot be arranged, that the trial is brought on as quickly as possible. That's the one other thing we can do; and that is to have the adjudication as quickly as it is possible to do so and so we do move up those cases to the head of the list, or almost the head of the list, whenever we can. And we check with one another frequently, and I wouldn't say that our checking system is absolutely perfect, but we try to do our very best in that regard.

This is not to say that the investigation which the Honourable Member for St. John's says ought to be held, shouldn't take place. I'm quite willing to do that. I think it's much more to the point to direct our attention to those people who are in custody awaiting trial because by and large, even in the short time since I was practising law, I'm sure that the conditions of getting bail have been relaxed very greatly. I see people being released on bail now under conditions that would never have pertained even eight years ago and I speak from some personal experience; and I have the impression that it's a relatively easy matter except, as I say, in those cases where there are some serious conditions associated with the case itself.

MR. CHERNIACK: Mr. Chairman, I'd like to thank the Honourable Minister for his statement. I do appreciate the thought he has given to it and I share with him the desire not to take this problem out of perspective or proportion. I'm looking forward to seeing a further report on such studies to justify the statement that he has made, that it happens only in a small number of the cases. I hope that's true. I don't question that it is true; I just would like to see that we can be assured that it's so by a statistical study showing the nature of the crimes charged, the size of the bail, and the percentage that are unable to raise the bail, so that we can reassure ourselves that this is so. And as I say, I really have no doubt that it's so, but it would be comforting to have that information.

MR. GUTTORMSON: Mr. Chairman, the Minister indicated to an earlier question that he couldn't give me a breakdown on the salaries to the John Howard Society. Would he be kind enough to undertake that and give it to me at a later date when he is able to obtain it?

MR. McLEAN: Mr. Chairman, I wouldn't like to give that undertaking, primarily because I do not think I have any right to ask for it. The John Howard and Elizabeth Fry Society is a private organization, that is private insofar as the Legislature is concerned, and I would have to say that I'd rather be in the position of not having to ask them for the information. I think they could deny it to me. It might embarrass them and me and everybody else. I would prefer not. I think if that information is desired that perhaps the Honourable the Member for St. George perhaps ought to seek it through the Society.

MR. GUTTORMSON: Mr. Chairman, the fact remains that this legislative government is making a grant of \$17,400 to the organization. Surely they are entitled to know how the money is being spent if they're making the grant to this organization. Therefore I feel that we are entitled to know this information.

MR. McLEAN: Mr. Chairman, that's a good argument. I would have to point out, of course, that out of say, \$48,000, the Province of Manitoba is only providing \$17,500 whatever the figure is, and I'm not too certain that that entitles us to it. But this is a two-edged sword, Mr. Chairman. If we become involved in the --shall we say the detailed administration of the John Howard and Elizabeth Fry Society, then of course that gives them every reason in the world for saying, "Well, our salaries are not high enough; we now want more money. Since you've indicated your interest, we now want more money in order to pay higher salaries", or whatever the case might be. And I would be bound to say, Mr. Chairman, that I think it would be unwise for us to become involved in that kind of arrangement. We don't do it with respect to any of the many associations to which grants are made in one form or another by and through the various departments. And I think I would have to decline.

MR. GUTTORMSON: Mr. Chairman, I can see there are arguments supporting what the Minister has said, but on the other hand, how are the members of this House to know whether they should approve of this money going to this society? I mean, I'm not saying it shouldn't or it should, but I feel we're entitled to know how the money is being spent by this organization; and 17,000, it's a third of their budget. Surely we're entitled to know how this money is being spent. Members might feel after they know, that they don't want to give any more; or they might want to give more; I don't know, but I still feel we're entitled to know in view of the fact this money is being granted to the Society.

MR. WRIGHT: Mr. Chairman, I would like to ask the Honourable the Attorney-General if the pay for jurors has been increased from \$9.00 per day. The rate of pay for jurors, has it been increased from \$9.00?

MR. McLEAN: I might have known, Mr. Chairman, that the Honourable Member would have asked me that question. No, there has been no increase in the rate of pay for jurors. No, it's the same.

MR. WRIGHT: Mr. Chairman, in April 10, 1962, I raised this question and the Winnipeg Free Press on the 11th carried the story and quoted the Attorney-General Sterling Lyon; at the time he agreed that the matter might have to be looked at again and I thought at the time that he was quite sympathetic to the idea because I made the point that times have changed especially so now, Mr. Chairman, with the additional taxes. Many people who are chosen for jury duty come from our lower income groups and I suggested a fee of \$2.00 per hour or \$16.00 a day. Many of our people in industry are called upon to serve on juries and they are quite willing to do this little bit for their province but I suggest that it's asking a little too much because in this day and age of close budgets, when people have to pay their mortgage on time regardless of how much money they make, they have to be very careful as to the financing.

I would suggest that I think it's time now for the government to consider raising this \$9.00 per day fee. I think it's long overdue. In fact the Winnipeg Tribune also carried an editorial, or at least an article on its editorial page in March, 1963, pointing out that jury reform was much overdue. It was commenting at the time that I mentioned the fact that a juror had been asked to sit on two consecutive murder trials but along with that it pointed out other complaints of jurors; and I want to sincerely suggest to the Attorney-General that if I'm here next year I'd like to ask this question and find out that the government has given some sympathetic consideration to it because many people are adversely affected by this \$9.00 per day jury fee because many of them sit for many days on a jury.

MR. FROESE: Mr. Chairman, I'm sort of interested in what the Honourable Member for St. George had to say in connection with the grants made to these organizations. I hope we're not setting a precedent here when the Minister refuses or says that this should not be of our concern or that we should not have access to this information. I for one feel that if we're passing items here involving certain sums of money as grants to organizations certainly the members of this House should know for what purpose this is going, how it is spent and whether this is a fair grant that we're giving, and so on, and I for one certainly would think that we as members should have every right to question these items.

MR. CHAIRMAN: 5 (a) (2) passed;

MR. SMERCHANSKI: I'm wondering if the Honourable Minister could give us some explanation as to the amount that is allotted for the ground search and rescue operations because under the Provincial Secretary's Estimates we had a certain amount of money allotted for this purpose through the Emergency Measures and then the Department of Health that we just recently passed we also had Emergency Transportation and then we also have got the RCAF Rescue Arm and it seems to me that this is coming from some four or five different sources. Is there any type of co-ordination that is undertaken and I think it would be desirable to have this co-ordination under one department, one group, if it is applied to the same purpose?

MR. GRAY: I'd like to make my same request that I've made for years here, that the Crown Attorneys should not be called any more Prosecutors and cut out the word everywhere where there is prosecution. It is not a modern word for a Crown Attorney who is there not to prosecute, who is there not to convict an accused, but is there for the purpose of finding out all the facts of the accused and present it to the jury or the judge and I think it's time now in the twentieth century where we are making considerable progress in everything, except in the international diplomatic situation, I think it's time now to, not to be called the Crown Prosecutors but call him the Crown Attorney same as they do in the United States. He's the Attorney for the state or for the people, people's attorney, and I think it's time enough for so-called progressive government here to do the same thing.

MR. McLEAN: Mr. Chairman, I agree with the Honourable Member for Inkster and we use the term Crown Attorney now. I very seldom hear the term Crown Prosecutor used, certainly so far as the Department is concerned.

The item on ground search and rescue operation, Mr. Chairman, is only \$500.00. In actual, I just noticed the actual expenditure for the last year that's noted in my book, which was 1963-64, was \$98.00. Obviously it isn't a very large item and I would assume that this is just in connection with some emergency matter that comes under our jurisdiction, related to policing.

MR. CHAIRMAN: 5 (a) (2) pass; (3)--pass; (4)--pass; (5)--pass; (b) (1)--pass.

MR. CHERNIACK: Mr. Chairman, I had occasion just a few minutes ago to deal with letters which I had received from Headingley Jail. I found not only the written portion interesting but also the printed portion on the back and not having a regular correspondence with inmates, I didn't have occasion to read the back of this until now and I'd like to draw the attention of this committee, and of the Honourable Minister, to the back of the letter which no doubt he sees frequently. This is obviously a letterhead which is supplied to inmates. I suppose it's chemically treated in some way to make sure that it is quite pure in all respects, and on the back are printed instructions headed: "Provincial Jail, EJD, Headingley, Manitoba." Large Print. "Newspapers are allowed only by subscription from the Jail. No detective or sexy type magazines allowed." Under parcels: "Inmates are not permitted to receive parcels containing, candy, gum, toothpaste or powder, ready-made cigarettes or food supplies. They are however allowed to receive fresh fruit and tobacco with the exception of grapefruit, cantaloupe, coconuts, watermelon, etcetera." --(Interjection)-- There's no exclusion of hacksaws in this letter, no. Nothing here about that --apparently it's not denied.

Under visits, Mr. Chairman, "Only members of the immediate family of the inmate are permitted to make visits. Cousins, uncles, aunts or girl friends are not permitted to make visits. During the period in which the Assize Court is in session in Winnipeg, visits will not be permitted to (a) inmates awaiting trial, (b) sentenced to the Penitentiary, (c) detained pending the hearing of an appeal, and (d) held by Immigration authorities." That isn't all, Mr. Chairman. That's just some of the sentences I took out of it. There must be a reason for everything that's done and there must be a reason for all the prohibitions set out in this form but I wonder if the Honourable Minister would care to explain some of them to me. I don't

(MR. CHERNIACK cont'd) really understand why candy, gum, toothpaste, ready-made cigarettes are not permitted, whereas fresh fruit and tobacco is permitted, although it says food supplies are not permitted and yet it says that fresh fruit is permitted, with the exception of grapefruit, canteloupe, coconuts, watermelons, etcetera, not being permitted. I'm sure that this would prove of some interest to us to understand the reasonings for it.

What I think is more serious, Mr. Chairman, is the question of visits. The fact that girl friends are not permitted; girl friends seem to me to be people who may be almost brides, or almost wives, and I wonder that an inmate is denied the privilege of seeing people other than his immediate family. I wonder too why a group of inmates are not permitted visits during the Assize Court and I hope that the Honourable Minister can clarify the reasoning behind these prohibitions.

MR. GRAY: Before the Minister answers, I want to ask, --call his attention to another item. In the Public Accounts we find for instance, and you can find them all over, but take for instance the first item (a). They have here an expenditure of automobiles, \$9,000.00, over \$9,000.00. A jail I consider is for two purposes; punishment is one, and rehabilitation is another and the prisoners should get as much education as possible in jail so that it would be easier to rehabilitate them.

Now I see an item on Page 133 (a) Automobiles \$9,000.00; books, newspapers and periodicals \$61.00. Now how many books and how many periodicals and how much education and how much preparation when he's released can you give a man for \$61.00?

MR. HRYHORCZUK: Mr. Chairman, before the Minister gets up I suppose it's just as well that we make our comments on this particular item all at one time. I wish to refer in particular to a press release, one of those propaganda sheets so commonly known. --(Interjection)-- It should be pink but I don't think it is. This was released by the Provincial Secretary on December 11th, 1964, and deals with the rehabilitation camps established in the Duck Mountains and in the Whiteshell Forest Reserve and I have no choice, Mr. Chairman, as much as I dislike doing this, but I have to take issue with some of the information here and I was just wondering whether the Honourable Minister had checked the information in this release before it was published. The first paragraph reads "The Manitoba Government prisoner rehabilitation program in operation since 1961, has helped prepare 1,500 men for life and work outside of the prison walls." Then it goes on to say how much they have earned, and they earned \$69,000 in wages at 75¢ a day, means that they earned an average of \$46.00 on their stay and the average stay was 60 days. Well I doubt whether a very large percentage of these people could be taught and be prepared for life and work outside of the prison walls in 60 days unless the Honourable Minister has some exceptionally good talent there that is teaching them how to live outside the prison walls and how to work.

Now there's no question, Mr. Chairman, that they do a necessary bit of work and I think the program insofar as the work that they accomplish in these camps are concerned is very good; that is the matter of clearing road allowances and so forth and so on, I think it's a good idea to keep them busy and make them useful. It states further, however, that, and I quote again, the second paragraph, "It has also accomplished extensive face lifting and beautification of provincial parks and recreation areas and has provided a valuable standby force of "disciplined" firefighters." Now, if the word "disciplined" wasn't in there, I would agree with that statement. But I'm quite sure that under no stretch of the imagination can they be termed as "disciplined firefighters". But that isn't the main matter in this that I take issue with. It's the following statement, and I quote, "The trainees, all good conduct volunteers nearing the end of their prison term" --now, watch the wording-- "The trainees, all good conduct volunteers nearing the end of their prison term". Well, I know for a fact that there are many in these camps that go there almost immediately after sentencing, and not because of being good conduct prisoners. Not only that, Mr. Chairman, if I hadn't seen this article, I wouldn't state what I learned last summer. I'd just keep it to myself. But I have no choice here. I think I should divulge it for the information of the committee. I know for a fact that there was a 13-year old boy and a 14-year old boy in the Cache Lake Camp. Well, you can hardly call them "good conduct volunteers", or call them "disciplined firefighters"; or one of the fifteen, or two of the fifteen hundred men that were prepared for life and work. I don't think that children of this age should be found in those camps, immaterial of how good the services are, or how good the accommodations are. I think it's a mistake. I don't know how many more there were; but Mr. Chairman, I met these two lads myself and I was very much surprised when I found that they were incarcerated in this so-called rehabilitation camp at Cache Lake.

(MR. HRYHORCZUK cont'd).....

In this particular release there's one other item that I'd like a little information on. At Cache Lake, the inmates are given credit with planting 122,000 shrubs in what is to be a tree nursery, and also 133,000 shrubs in a reforestation project. I'd like to know where this was. Where were these trees planted in the Duck Mountains? Their location.

MR. McLEAN: Mr. Chairman, I would have to confess and disappoint the Honourable Member for St. John's and say that of all the letters I receive from people in various jails, I have really never paid that close attention to the back of the letter, that he has; and I thank him for having directed my attention to it. I think the explanation would be simply that those who are charged with the administration and discipline of the jails have felt that the rules indicated are necessary for the proper operation, safe operation of the institutions concerned. That is not to say that some of them don't need to be changed in the light of modern circumstances; and we'll certainly be glad to have a look at it. But I'm aware that perhaps various means known of course particularly to people who are engaged in this kind of work, the various means that are sometimes used for the transmission of drugs or equipment of one sort and another, is transmitted by way of food or whatever the case might be. And, as I say, I can only assume that these are rules which have been developed in the course of the administration of these jails. I'll be glad to look at it.

I'm not too clear whether I heard the Honourable the Member for Inkster correctly. Was he asking about automobiles?

MR. GRAY:..... There is, and I'm just quoting one, "\$9,000 in Eastern Judicial District", for instance in (a) there's an item of \$9,000 for automobiles and I'm not questioning it. But what I am questioning is that there's only \$61 for newspapers and periodicals. Now, as I said before, this is a house of punishment and corrections. What corrections can it give them; what education can it give them, of buying only \$61 worth of books and periodicals?

MR. McLEAN: I'm sorry. Well, I think that my information is that there's no shortage of reading material of a sort, of the sort that is used by inmates of the jails, both through the libraries that are established there and the books and periodicals that are provided by many public-spirited citizens individually and by groups of citizens. I think that there's ample reading material for the inmates.

On the general topic of education, that's perhaps a slightly different aspect, but I find, for example, that there's barber instruction at Headingley Jail; we have a qualified barber instructor and a barber school established --that is, chairs and all of the necessary equipment. There is instruction of course in the sense that men, certainly at Headingly, work on the farm; those who are able to do so. There is instruction and employment in woodworking. And then, of course, the more, in my opinion, the most suitable is that which is secured in the rehabilitation camps; and I'm going to come to that in just a moment. I would have to confess that we have not been successful in working out what one would call an educational program for the inmates of the jails. This is a difficult matter because the range of interests vary and in many instances there is very little interest, you can't compel a person to learn something; he has to be motivated. I wouldn't think that we have any great claim to what you might call, formal educational, in the goals, but that certainly if anyone is interested in learning certain trades, the opportunities are there.

Now, dealing with the press release of November 1964, I do appreciate that the Honourable the Member for Ethelbert was kind enough to say that it was issued by the Provincial Secretary and I presume that absolves me from any responsibility for it. I would have thought that he, of all people in this House, would be familiar with the wonderful work that is done by the rehabilitation camp at Cache Lake in the beautiful Duck Mountain, and I'll try and find out for him where those trees are and tell him.

I have to tell him that I did not know anything about a 13 and 14-year old boy being at Cache Lake. That does sound a bit unusual. I'm assuming that the Honourable Member for Ethelbert Plains is speaking of 1964, and I'll certainly check that. I have no information about it. I would be inclined to think perhaps a number of these men might be --I'm not too sure whether one would use the word "disciplined firefighters", but my impression would be that they do learn, even in the short period that most of them are there, useful work which would enable them to do an adequate job of firefighting, if that became necessary. Certainly they do a splendid job in the Duck Mountain and elsewhere where the camps are established, a wonderful work in our provincial parks and forests.

MR. GRAY: Mr. Chairman, may I respectfully suggest to the Attorney-General that there are in Headingley Jail over 200 guests who cannot read and write. At the same time there are a number of teachers and scientists. Why not employ them; why not ask them while they are there to teach those illiterates, at least their reading and writing?

MR. McLEAN: That's fine. The only point I'm wanting to make, so as not to raise any false hopes, is that we have no way of compelling those who cannot read and write, to learn to read and write. That is, the obligation of the person in jail is to be there and to observe the rules and discipline. But we can't, we can't compel him to learn something. I think that to some extent this is our problem. Now, I just mention that -- I'm with him all the way and would do anything that was possible, but there are limitations on what can be done with the people that are in an institution such as a jail.

MR. HRYHORCZUK: Mr. Chairman, my questions weren't all answered and I don't know as I blame the Honourable Minister for not answering some of them. But because he expressed surprise that I didn't know where those trees were planted, he may be right with that surprise; I'd still like to know where they are. He hasn't told us where they're planted. And if he's got reasons to be surprised that I don't know where they are, I'd like to know. Where were they planted?

MR. GUTTORMSON: Mr. Chairman, the Minister and I discussed the new court building when he first introduced his estimates and I stressed some difference of opinion to that of his as to why they weren't in one building, and he said he felt they should be separate. Could the Minister indicate why this policy wasn't followed in St. Boniface when they recently built a new police station and court building. Why the Minister allowed them to be all combined in one building?

MR. McLEAN: I think, Mr. Chairman, the only answer I could give was that the planning with respect to the St. Boniface situation was under way when I became the Attorney-General. I'm not aware that -- it isn't a question of us giving our approval or consent. I doubt very much if we were even asked. I think that this was an arrangement that was carried out by the City of St. Boniface perhaps without any communication as far as I am aware, certainly none with myself, with regard to their plans.

MR. FROESE: Mr. Chairman, in connection with jail inmates we received this report and it lists - it says that there are 25 convictions under the drug addicts. Could he tell us or does he know whether these were younger people or older people; is this something that is on the increase. I would like to get some information in this respect whether the young people are involved or whether this is older people?

MR. McLEAN: Does the report itself, does it not show the age groups with regard to the offences? Just quickly, I just can't put my finger on -- I would hesitate to give any off the cuff opinion about -- (interjection) -- Yes I see that. I'm sorry I'm unable to say.

MR. CHAIRMAN: (b) 1 -- passed, 2 -- passed, 3 -- passed, 4 -- passed, 5 -- passed, 6 -- passed, (c) -- passed. (d) 1 ...

MR. MOLGAT: Mr. Chairman, item (c) is this the RCMP payment?

MR. McLEAN: I'm sorry I missed you, Mr. Chairman. You are at (c)?

MR. MOLGAT: \$1,153,000.00.

MR. CHAIRMAN: Oh yes, yes that is the RCMP.

MR. MOLGAT: Does it cover anything else or is that totally RCMP and is that the total that we pay them?

MR. McLEAN: That is entirely, well law enforcement and police services -- there's virtually nothing just looking at this. That is the amount of money that's paid to the Government of Canada under the RCMP contract and that is correct.

MR. MOLGAT: Mr. Chairman, there was a change made I think two years ago now regarding police forces in certain villages and towns in the Province of Manitoba. Is this the proper item under which -- to discuss this?

MR. McLEAN: Yes, except that you should -- it should really be discussed under the Estimates of the Department of Municipal Affairs. That was a provision in the Municipal Act.

MR. MOLGAT: I appreciate that, Mr. Chairman, but unfortunately it ties in directly with the RCMP. The problem is that the RCMP will not service certain areas in the province and this causes a good deal of difficulty because there are many villages in the province that the RCMP have barracks there. They are actually resident right in the village and yet they will not provide service in the village, where most of the time the majority of the service is required because that is where the bulk of the people are concentrated. The RCMP will service all the

(MR. MOLGAT cont'd) surrounding rural area in which by and large they have very little activity really, apart from chasing people who may be drinking illegally or things like this, but in the village itself, where there are some at times urgent requests and urgent need, they will not even come when requested, because it's not their responsibility. Now has the Minister taken this up with the federal government. I know their explanation is the same each time, that they haven't got enough staff. Well are they proceeding to acquire more staff? Will this situation correct itself; will we have a new agreement with them to permit a better coverage in the Province of Manitoba than we are presently having?

MR. SCHREYER: Mr. Chairman, as I recall several months ago, several provincial attorneys-general expressed dissatisfaction with the proposals made by the Federal Department of Justice regarding cost-sharing of the RCMP law enforcement service. I'm not sure if the Attorney-General has made mention of this. I would merely ask him at this time if that stalemate has been broken or that deadlock has been passed or whether the Provincial Attorneys-General are still haggling or negotiating with the Federal Department of Justice in this regard?

MR. FROESE: Mr. Chairman, before the Honourable Minister gets up to answer, the amount shown here, is this just part of the cost of law enforcement and how many people are involved, how many police are covered under this item?

MR. McLEAN: Mr. Chairman, I can give a composite answer to the questions that have been asked. The amount in the estimates is the estimated cost to the province for the services of the RCMP for provincial policing for the fiscal year beginning on the 1st of April this year. This is the total amount paid by the Province, although I would direct members' attention to the fact that in a number of instances, towns in the province and in one case a City has a contract for its own policing with the RCMP and that is a separate private matter between the town and the RCMP and is not included here because it is not paid by the province.

The present contract with the RCMP was to have expired this year on the 1st of June and negotiations were undertaken at the invitation of the Minister of Justice in the fall of 1964 at which a new formula for determining the amount of money to be paid by the province was discussed. It had two items in it which would have led to an increase in the cost to the province. One was a new method of determining the per man cost and that was simply, all that meant was that items which so far had not been included in the calculation of the per man cost were going to be included and that had its resultant effect on the cost and then the percentage to be paid by the province was to be raised. Both of those would have had a substantial impact upon all of the provinces including the Province of Manitoba if it had been put into effect.

Well there was some disagreement as to this proposal and as the result of the disagreement, or perhaps the inclination not to approve of this proposal, the Government of Canada agreed to carry on the policing contract until April 1, next year, that's not quite a full year because the present contract expires on the 31st of May and it will be the time from the 1st of June to the 31st of March, and in the meantime we will be negotiating again concerning the proposals with respect to the new contract which it is expected will commence on the 1st of April 1966. So the net result is that we are operating under the old contract for the period from June 1st until March 31st, 1966, and the only increase that is involved here is the normal increase under the terms of our previous contract.

Associated with our discussion -- and I come now to the question raised by the Honourable the Leader of the Liberal Party -- associated with our discussion was the matter of the RCMP extending their services to the provision of policing services for more incorporated towns and villages in the province. It is quite true that there is a great problem, a problem associated with the provisions we made in our municipal act some two years ago or three years ago and the difficulty of obtaining trained personnel. It is felt by the RCMP that if we can arrive at some suitable arrangement that the, for example you might have an arrangement whereby a detachment would look after perhaps two or three villages, none of which required the full time services of a police officer, but that under a combination arrangement -- we have indicated that we believe that something of this sort ought to be worked out and this is a matter which is of interest to the Provinces of Manitoba, Saskatchewan, Alberta and British Columbia and we are hopeful that it will be possible to work it out. I would want to sound a note of warning that if this is done, I would think that in our own arrangements there certainly will have to be some charges made to the people concerned, that is the villages and towns concerned; but in any event, they have that responsibility now. I would acknowledge that at the present time and under the present arrangements, that in effect rural municipalities are receiving their policing free of

(MR. McLEAN cont'd) charge and I'm not in a position to say whether or not that situation will continue, there's been no consideration of it.

I'm not too certain that that answers fully the point but I just want it to be quite clearly understood that we've been discussing it, we are aware of the problem, there is no solution -- the matter is not really dealt with in the solution for the present period of time until the 31st of March, 1966, but it may well be that by the time we have arranged our new contract that some arrangements will be made. The RCMP has indicated its interest provided we can agree on the matter of the costs and have indicated that if they have that task they would try and recruit sufficient personnel in order to do it.

I think perhaps I didn't answer the Member for Rhineland to tell him that the number of personnel are 322 covered by the contract payment this year.

MR. SCHREYER: Mr. Chairman, this means then that the Dominion-Provincial negotiations re Mounted Police costs are deadlocked and/or being held in abeyance. I know that the Honourable Attorney-General doesn't like to answer hypothetical questions but in view of the fact that one provincial Attorney-General or Premier said that in the event of no satisfactory settlement being made that the province would consider setting up a provincial police force, I would ask if the Attorney-General has ever made such statements -- if this Attorney-General has ever made a statement to a similar effect, namely the establishment of a provincial police force in Manitoba?

MR. McLEAN: I think I would think about it quite a long time, Mr. Chairman, before making any statement of that sort.

MR. JOHNSON: Headquarters at Dauphin.

MR. CHAIRMAN: (c) -- passed.

MR. MOLGAT: Mr. Chairman, I gather then from what the Minister says that the RCMP are no longer using the excuse that they haven't got enough personnel to do the police work that is required in the province, that it's now a question of costs and if we can arrive at a satisfactory cost arrangement with them they would be prepared to supply the people. I think this is a major change from the position that they used to take which I understood was one of personnel. Now under the rules that we passed here some two years ago, the municipalities were given some new responsibilities. I will wait until we reach that department to find out how the system is working. I suspect it's not working. Has the Minister made any approaches to the municipalities concerned? That is those to whom we gave the responsibility here for their own policing. Have they been approached to see whether they would be interested in sharing part of the cost of having RCMP services. Has this been part of the negotiation?

MR. McLEAN: Mr. Chairman, no, there has been no approach to the municipalities. I would just want, with regard to the earlier point, I wouldn't think that the RCMP could be taken to have said they now have the personnel to do this; they say that if we can work out satisfactory financial arrangements they would be prepared to recruit sufficient personnel. I think they would say they don't have the personnel at this present time.

MR. MOLGAT: Well they are prepared to accept the responsibility and to get the personnel if the cost arrangements can be settled?

MR. McLEAN: That is correct.

MR. FROESE: Mr. Chairman, I wonder if I could ask the Honourable Minister one or two further questions in connection with the RCMP. How does Manitoba compare to the other provinces having the 322 police? Does it compare favourably? Are our citizens more law abiding or do we need more police per thousand population or so?

MR. McLEAN: I don't know the number in other provinces. I would think though the proportion is almost identical insofar as the western provinces are concerned.

MR. CHAIRMAN: (c) -- passed, (d) (1) -- passed, (d) (2) -- passed. Resolution No. 48 -- passed. Resolution No. 49. 6 (a) -- passed.

MR. PAULLEY: Mr. Chairman, may I suggest this is a happy time to close deliberations for tonight. I'm sure that many members of the committee have something on 49 and particularly 50. It's 11:00 o'clock.

MR. CHAIRMAN: Committee rise and report. Call in the Speaker. Madam Speaker, the committee has adopted certain resolutions and requests leave to sit again.

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

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

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MR. ROBLIN: Madam Speaker, I beg to move, seconded by the Honourable Attorney-General that the House do now adjourn.

MADAM SPEAKER presented the motion and after a voice vote declared the motion carried and the House adjourned until 2:30 Tuesday afternoon.