

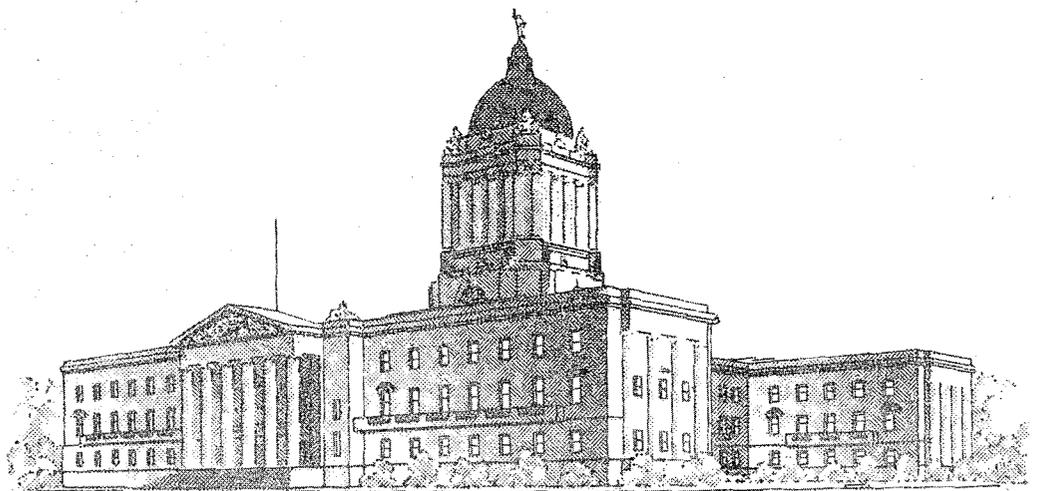


Legislative Assembly Of Manitoba

DEBATES and PROCEEDINGS

Speaker

The Honourable A. W. Harrison



Volume IV No. 46

March 17, 1960

2nd Session, 26th Legislature

DAILY INDEX

Thursday, March 17, 1960, 8:00 P.M.

<u>Committee of Supply: Capital Supply, Other Requirements</u> .....	1695
Grants, Loans, etc. ....	1701
Agricultural Credit Corporation .....	1707
Manitoba Development Fund .....	1708
Manitoba Hydro Electric Board .....	1709
<u>Budget Address, Mr. Roblin</u> .....	1710

THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Thursday, March 17th, 1960

MR. CHAIRMAN: Schedule B--Other Requirements (2).

MR. J. M. FROESE (Rhineland): Mr. Chairman, before we pass on item 5, I would just make one comment on what the Minister of Public Works mentioned before. I think as already mentioned, evidently the House approved a certain amount to provide for a certain amount of roads to be constructed. Now this year, we were informed that some of these roads have not been built and some would be completed but out of these portions that were not built, were not on the program for this year. However, we have a carry-over of last year and that carry-over of the monies authorized, will not be used for those very roads authorized last year so we're using the monies authorized for different purposes than what they were authorized for. That was one point.

Secondly, I feel that the government should take some advice and I would like to suggest that they do not continue with this policy for more than two years, because when the next election rolls around, I hope that we will have a Social Credit Government which will want to form its own policy on roads and will adopt a pay as you go policy.

MR. CAMPBELL: Mr. Chairman, there are quite a few unanswered questions I think--and I'm not meaning in saying that, the financial situation, but things that were raised at the time the other estimates were under discussion--and I understood that the Honourable the Minister said that he would bring the information in later on. Now I am sure that he meant at that time, on the Capital Supply Bill. I don't know that the Honourable the Minister has the list of them there, but certainly there was some questions that I asked that I hoped he would give an answer to--he answered some of my queries I know, but he didn't comment as I had hoped he would, with regard to my calculations as to how much of the money that our last session, had provided this government, and ourselves of course, for three months, had provided the government with, and that the new administration did not use up all that we had left for them, let alone the \$33 million that was voted in the fall of '58. Now I suppose that some of his officials took note of that calculation and have done some work on it and I would like to know if they found that to be correct or not.

Then there were some specific questions that were asked by different ones of the members--I wasn't the only one asking these questions. I wanted to know after the Honourable the Minister had an opportunity of checking with his officials, what explanation they would give for the fact that the piece of road that was black topped between Piney and South Junction was in such bad shape so soon after being put down and the answer that the Honourable the Minister gave to that questions, as I remember it, Mr. Chairman, was that this was not a completed job. Well if it wasn't completed then I ask him, was I correct in my calculation that it had cost \$2,000 a mile more than the part that I was comparing it with? And certainly we got no answer to that part of the question because unless my figures are wrong that is a fact and surely if it is an uncompleted road that it wouldn't have cost a lot more than the other one. Then I was hoping that we would get some further information with regard to the Highway No. 4 east where some work was done, not all that was planned, but some, and where--my information is that it is not a good job and I emphasize those facts because this was the government that was going to greatly improve the road construction. The Honourable the Minister said, as I remember his answer, that they had carried along with the specifications that the previous administration had laid down. But that isn't what they were supposed to do; they were supposed to put in much better roads--much better construction, and once again the Minister came back and said that they are doing that. Well quite frankly I'm not satisfied with those explanations and if it's all that the Minister has to say about it then of course, we have to accept that as the answer, but I think that if he does not give any more, that I should serve notice now that I'll be asking some of those questions in the Public Accounts Committee. Perhaps that's the right place to ask them where some of the experts in this work can be present and can give the technical answers, because I want to have the right explanation; if there is one, I'm anxious to get it. Then I have been asking about famous question of the tests that were made in order to assess the suitability of increased weights that were put into effect not a great while after this government took office. I still think that is one of the most amazing things that I ever came across, that this

(Mr. Campbell, cont'd.) .. administration that through a great many of its members and most prominent ones, had been criticizing our road program as being entirely inadequate and the roads themselves as being substandard, within a very short time after they were in office, greatly increased the weight limits on those same roads. They must have really had a fixation on that question and believe that the mere fact of this new administration being in office after all the big talk that they had made about better highways, that just a change of administration by itself in some magical way, would greatly improve the standard of those roads because they did positively nothing to them and yet over night and by the stroke of a pen, they became eligible to carry greatly increased road weight limits. That's an amazing thing, Mr. Chairman, one of the most amazing in my experience so I would like to get some further information because we did not get it last year, as to how the tests were conducted that demonstrated that those roads were capable of these greatly increased weights.

I have a publication of the Province of Alberta here. There's been some reference made to the propaganda that is put out by this government and there's certainly enough of it--I'm not commenting on its quality, but its quantity certainly leaves nothing to be desired. Then when my honourable friend, I think it was from the CCF Party, was talking about what he called the propaganda bill, the Honourable the First Minister said that they were just pikers compared to the Province of Saskatchewan; you should see theirs--their propaganda sheets. Well, I've been reading it a long time and I think it is much more factual than the one that's put out by the Manitoba Government. I've been reading it for a long time; for years and years and years, and I have not found it to be anything like as politically biased as the one that this government puts out. But the one I'm speaking of is the Province of Alberta. The publication is called "Within Our Borders"--I'm sure that many of the members have seen it. I would say it's not unlike the one from the Province of Saskatchewan; they're quite similar and both, I think, are interesting. I think both of them are much better than the effort that's made by this government; much better than the one that our government made, because I confess that some of my colleagues were anxious that we should institute that service that was later begun in a fairly small way and I, quite frankly, never liked spending the public's money to do any kind of a major job in that regard, and I think it's just not good if you don't do a good job. And quite frankly I don't think that the present service is worth anything like the money that's spent on it. I don't know how much the Province of Saskatchewan pays for their publication; I don't know in the case of the Province of Alberta but the April the First issue of Alberta's "Within Our Borders" has a leading article here, in fact the leading article: "Road Capacity is Measured Exactly". And the article says degrees of strain imposed by heavy trucks on Alberta's paved highways are being scientifically measured by the Alberta Department of Highways with the aid of a device known as the Binkelman Beam. I am not acquainted with the Binkelman Beam. Until this publication came to my desk, I had never heard of it before, but I'd be glad to furnish this article to the Honourable the Minister if he wants it. Likely he has seen it. I wonder if he has seen it could he comment on this particular type of testing road capacity exactly or measure road capacity exactly? And perhaps all apropos to trying to find out, once again, what tests were made on these highways before the new policy was introduced.

Now, Mr. Chairman, there are several questions here that have not been answered and I suppose that the sponsors of the questions themselves should bring them up rather than I but I notice that the Minister was to--he answered to somebody that he would--where he'd been quoting a highway where the subgrade was built during the years '49 and '50, very little if any selection of materials made in the construction of the subgrade and it was necessary to spend approximately \$48,000 this past season to dig out these pockets and so on. Someone asked what highway that was I gather because the note is here that there was an interjection and the Minister says, "I can get it for you; I haven't the highway number here; I'll get it for you". I'm not aware that that has been brought in and I, too, would like to know. It wasn't I who asked the question--(interjection)--The Honourable Member for Carillon said he asked that. There is another one where the Minister was answering, I think, it was my colleague on my left, and he said the Honourable Member for Ethelbert Plains had asked re--well I'll have to read the question. The Honourable Member for Ethelbert Plains said, "Well, say on No. 5 that so many miles of blacktop had been completed, and No. 10 so many miles of blacktop had been completed, and so forth. If you could do that apparently to give the completions on those two projects".

(Mr. Campbell, cont'd.) . . . And the Honourable Minister said, "I'll have to get that information which we may have available under this item or perhaps later under the highway item". Now it's possible that that was given and that it escaped my notice. And then again we have two or three more. Now if the Minister is in a position to give the answers to those questions, I'd be obliged if he would, because when these questions have been put on Hansard, or statements made regarding roads like that, it is helpful to have the further information when we are checking up.

MR. THOMPSON: Mr. Chairman, I am pleased to endeavour to make some answer to the Honourable the Leader of the Opposition in connection with the questions which he has repeated which were asked earlier. In connection with the issue of the cost of the Piney to South Junction road No. 12 as compared to the cost of the Zhoda to Piney part of that highway--when my honourable friend tonight the Leader of the Opposition stated that his facts, I think he said may or may not have been incorrect--I must advise him that his figures on that comparison are incorrect. The Zhoda to Piney road was constructed, the surface was constructed in two years '57-'58 and '58-'59; the cost was \$10,100 per mile of that work. The cost on that work which he speaks of is \$10,100 per mile. I think he gave a figure much less than that when he was comparing this road with the Piney to South Junction road. The cost of the Piney to South Junction work was \$9,480 per mile, so that there was a difference in the work which was done between Zhoda and Piney, and Piney and South Junction; the former which was done as he said under the former administration and the later which was done under the present administration. The latter from Piney to South Junction was \$620 per mile cheaper than the road which he mentioned in comparison.

Now I am told that this surface which I said was not a complete job, that is it wasn't a job which would be called permanent in its nature; it wouldn't serve for all time or for a great many years. It was made with a mix which was known as emulsified asphalt; it is a cold mix. Now, when the Leader of the Opposition mentioned the seal-coating and wondered--and I must confess that when he mentioned it I wondered myself just why seal-coating would be placed on that particular surface--and I am advised that it is an accepted practice that this type of surface must be seal-coated to prevent ravelling and it must be done as early as possible after completion of that type of surface. So that the seal-coating is a normal and accepted procedure in completing that surface with the idea of knitting it together, preventing it from breaking up or stripping off in lumps as honourable members have charged has happened in certain parts of the road. The part which he mentioned the Zhoda to Piney strip I understand has been seal-coated. This part will be seal-coated. Now the entire portion from Zhoda to Piney to South Junction will require it is estimated in the course of time, will require a finished bituminous mat. That will be placed on engineering advice when the density of the traffic is such as to warrant this move. In the meantime, it is felt that the seal-coating on that road will serve to prevent the ravelling and it is recommended that it be done. And it will be done this coming summer. I think, Mr. Chairman, that will answer the Leader of the Opposition on that particular question.

On Highway No. 4 east, I believe I gave a statement which is our answer to the matter on four east. I have nothing to add with what was said earlier. I'd be quite happy if my honourable friend wishes to enquire at Public Accounts what went on there and that probably is the best procedure.

Respecting the test of road capacities as adopted by the Province of Alberta, I have no information on that. I haven't seen the article; it hasn't been brought to my attention, and I'll be unable to make any comment on what methods they are using in that province with respect to capacity tests.

Now the question of what highway was referred to when I mentioned the additional monies which were required because the original base was not properly formed--that is not formed according to present day standards which are now in use. The highway was 83 from Swan River to Benito. I think that is the particular road which--I didn't give the name of it; I didn't know it at the time, but that is the road--Swan River to Benito.

Now with respect to five and ten I think the question was what proportion of five and ten were completed? And what were not?

MR. HRYHORCZUK: Mr. Chairman, if I may, before the Honourable Minister gives

(Mr. Hryhorczuk, cont'd.) . . his answer, because that isn't quite what I was asking for, although it's part of my question--I had asked several questions during the estimates. The Minister was kind enough to give us a reply to one of them today in the matter of the carry-over in the appropriations of last year. He was good enough to tell us that the carry-over as of March 31st, 1960, will be \$27 million. Well, I want to thank him for the answer to that question. But there was another set of questions that I asked the Minister and that was in connection with the mileages he gave us of work completed in '59; and there were such mileages as 360 miles of grading and so forth; and I asked him for a breakdown of locations and degree of completion of these mileages. As an example I mentioned No. 5 between McCreary and Ste. Rose. Now there is a blacktop between McCreary and Ste. Rose but there are less lifts or layers of blacktopping on some portions of it and more on others, and what I was trying to arrive at, Mr. Chairman, is whether the mileage given for blacktop--the 325 miles--includes single-layers, double-layers or completed blacktop? What does that 325 miles represent? And that is the type of breakdown I asked for in that regard. Then I also asked the Honourable Minister that he give us information as to the number of contracts that were let for this particular works in '57, '58 and '59; and I also asked him in reference to these same works the number of contracts that were let in 1959. What part of them were given to local firms and what portions of them to firms outside of the Province of Manitoba?

MR. THOMPSON: Mr. Chairman, with respect to the first question of the proportions of highways we have completed and what we meant when we said that so many miles of bituminous mat or gravelling was done, and the suggestion that I present that in detail--I think it's going beyond the call of duty to give the--I have the list here of every road in the province and the project miles and the miles which were completed. I could present it for every piece of road in the province during the past year, but I don't think that--I am sure my honourable friend can look at it if he wishes. I would be glad to have him examine it in detail, but I don't feel like taking the time of the House to give a detailed account. I mentioned, as you may recall the other evening I discussed the portions which were completed in comparison to the actual project in the bog area, in fact all the area right through to Flin Flon. I could do the same thing with every piece of road in the province but I would ask my honourable friend to come in to the office and examine this statement if he wishes. I feel that it would not be necessary to read the entire matter to the House at this time.

Now on the question of a number of contracts given in the 1959. I gave that information to the House the other evening. I read the different periods; it was divided for '58-'59 and '59-'60, and it was divided into what you might call three seasons of the year; and I gave those figures.

Respecting the number of contracts which were given to contractors outside Manitoba and the number to contractors inside the province: I would say that 95% was given to contractors in the province. That's an estimate--I did have the figures in some cases of some of those numbers, there were about two out of 45 or out of 80 in some cases which were out of the province--I would say higher than 95% were awarded to contractors in Manitoba. Now, it has been brought to my attention, in connection with the question raised by the Honourable the Leader of the Opposition about the article which he has before him, that the Binkelman Beam test is described as a strain gauge measurement of actual deflection of the pavement under a measured axle loading. This type of equipment has been in use by the Highways Branch of this province for two or three years and these deflection measurements have been made in Manitoba on pavements throughout the province. It has been in use here. Now I think I've referred to some of the questions raised by the Honourable the Member for Ethelbert Plains. I don't know whether he finds them satisfactory--he can say so later on--about the question of all the completions. I think when I gave the total mileages completed, that when I gave those, that I gave the proportions which were uncompleted on the various processes of road work; that is, the grading and the gravelling, the bituminous mat, the sealing and so on; that I gave the average picture throughout the province. And when I was referring to those miles I was quoting miles which have been completed--they have been completed--not miles which are not completed.

Now at this stage, while I am on my feet, I would like to mention the argument with which we closed at 5:30, because I was going to rise but the hour of 5:30 had arrived. But I do want to stress, as I endeavoured to do this afternoon, the importance of planning in advance; and that is exactly what we are doing when we ask for this vote. I think honourable members

(Mr. Thompson, cont'd.) . . will recall that when we first came into office we stated that that would be our policy. I can recall, in this House, that subject receiving quite extensive discussion. We said we would plan in advance. We are keeping our promises in this respect. My honourable friends opposite like to say that we do not keep our promises. When we ask for this vote, we are doing exactly as we promised we would do when we assumed office. We said we would plan in advance and it is essential and legal and vital to have the appropriation of these monies in order to plan in advance.

Now an example occurred to me, an example which I think has met with the approval of the House. Nobody has said anything against it. In the past few months we have negotiated eight contracts with respect to the Gypsumville-Grand Rapids road. That wasn't in last year's program. That road has not had the endorsement of this House. That road is in the current program before you, which has just been brought before you. It wasn't in the program last summer. We found it to be an emergency road and it should be constructed and we proceeded to construct it, because we had on hand sufficient carry-over with which we could commit the government; and we could proceed in the winter months to enter into these contracts and start on that road. Five contracts are well under way for clearing throughout that 115 miles. Without that carry-over we wouldn't have been able to start that work until now or tomorrow or the next day, 'till after these estimates are approved. We wouldn't have been able to begin the work, but we were able to make that commitment because we had from the former year a sufficient carry-over; and so we have had five contracts of clearing which have given winter work to the people in the area and which has started the road program from Gypsumville to Grand Rapids. We have called for tenders on the grading and gravelling of two of the three sections of the road. One tender will be opened tomorrow; the next in two or three days. We couldn't have done that without a carry-over, with which we had the legal authorization of this Assembly to enter into these contracts. And so I say to my honourable friend, when we ask for this carry-over as you might call it, when we ask you to approve of this \$20 million vote, we are putting into practice the policy which we said we would do. We are planning ahead. We find it necessary to have this money in order to plan ahead, and we are carrying out policies such as the Grand Rapids road which we could not have done without this particular method of financing.

MR. HRYHORCZUK: Mr. Chairman, the Honourable Minister has given us a fairly reasonable answer, but probably I'm unreasonable myself and I don't accept it at its face value. He tells us now that this carry-over is necessary because they may find themselves in a position where they have to make commitments. Well I'd ask him, is that true of the carry-over at the end of the fiscal year ending March 31st, 1959? Was that why that carry-over appeared there? Is that why this year's carry-over appears? Was that due to planning? And the reason I'm skeptical, Mr. Chairman, is simply that when we were in the Minister's estimates he had a lot to say about the weather, and he led me to believe that all those projects for which appropriations of last year could have been completed if the weather had permitted them to be completed, and if they had been completed he wouldn't have had this carry-over. So what is it? Was it the weather that made it impossible for them to spend the money, or was that planned in advance so that there would be a carry-over to meet such eventualities as he has mentioned? Now I'm not going to press the point of getting the breakdown that I asked for because it will take up considerable time, and I wasn't asking for that information only to satisfy myself. I think that information would have been valuable to the other members of the committee. But I'm prepared to boil it down to one item so we won't take up the time of the committee, and I'll have at last a partial answer to my question. In the matter of blacktop--he gave us the mileage as 325 miles. Now all I ask him is to tell me what part of this 325 miles is allocated to No. 5 between McCreary and Ste. Rose. If I have that answer I'll be satisfied, and I may accept the Honourable Minister's invitation to come to his office and check the rest of those figures.

MR. THOMPSON: McCreary to Ste. Rose. I don't see that particular portion of road in this statement. When was that done?

MR. MOLGAT: It's usually listed Norgate to Ste. Rose but it varies under different appropriations depending on which one you're looking at, but in the original one in February--March 1958, which was presented when we were in office, it was marked as Norgate to Ste. Rose. Then in the fall of 1958, when the previous Minister was discussing it, it was broken down--Norgate corner to north of Laurier; north of Laurier to Ochre River. Then in the summer

(Mr. Molgat, cont'd.) .. of 1959 it was made one lump sum Norgate to Ochre River. Now in this one that we're discussing at this time it is broken down again--Norgate to north of Laurier; north of Laurier to Ochre. But it will be included in one of those.

MR. THOMPSON: I have here a figure for Norgate north which is 17 miles. Is that the area?

MR. HRYHORCZUK: Mr. Chairman, that's the area, but there is blacktopping or hard surfacing on Norgate to McCreary which is approximately six miles; McCreary to Ste. Rose which is approximately 22 miles; and that would make a total of 28 miles. I'm sure that you wouldn't be shortchanging yourself on purpose.

MR. THOMPSON: No, I likely wouldn't do that. But the figure that I have--Norgate north 17--oh, let me see. Yes, Ochre River south--would that tie in--Ochre River south would tie in on No. 5.

MR. HRYHORCZUK: It would depend, Mr. Chairman, how far south you were going.

MR. THOMPSON: Yes. There's two contracts. We have Ochre River south with eight miles completed out of 19.7 in the project; and the other one, Norgate north, with 17 miles completed out of 18.5 in the project.

MR. CAMPBELL: Mr. Chairman, I have only a couple of further comments to make. The Honourable the Minister has come up with the answer that after all my figures were incorrect according to his information. I would like only to say that as far as the overall figures were concerned, he supplied them. If they're incorrect, the only thing that's wrong is my division because he supplied the figures, as I'm sure he knows. He supplied them to the Honourable Member for Emerson, and unless I divided wrongly the mileage--I took his figure that he supplied, so we can check that though at some future time and likely tomorrow morning would be the time. Now the Honourable the Minister says that in the course of time that both of those, both the part that we built and the part that they built, will be still further improved. Well that is right of course. They will be in the course of time, but in the meantime, the road that we built is a good road for these times. It's not of the standard of the Trans-Canada highway; it's not of the standard of Highway 75 or Highway 10 or Highway No. 4 in some parts; it's not of that standard, of course, but it's a good road for the area, and the area is mighty glad to see it. The question that I still ask is, how come after we figure out the comparative costs, how come that with the great program of this government, that the part that they built didn't stand up anything like as well as the part we built; and we'll settle the question of comparative costs, perhaps tomorrow morning.

Now the Minister says that he has the information now about this road capacity tester, the Binkelman Beam, and he says that it's been in the department for some little time. So I am going to assume unless the Minister tells me I'm wrong, I'm going to assume that what Alberta does is right; that this measures the road capacity exactly. I'm going to assume that it was used to test these roads before the great increases in weight limits were allowed, and seeing that the roads were proven by this test to be able to stand these very heavy weights, then I think I'm justified in asking the Honourable Minister to admit that the vast majority of the roads that we built were excellent roads, because they could carry those capacities. It's been proven scientifically that they can carry those capacities. And then I would ask, not him, not him because he didn't make these exaggerated statements, but I would ask his Leader and his predecessor to apologize for the misinformation that they gave the people of Manitoba. So that'll settle the whole thing and make us all happy.

MR. FROESE: Mr. Chairman, the item we are now discussing, No. 2, I think should be divided in two. This should show what is going towards the roads as scheduled; and also another item for future commitments so that we'd know where we stood.

MR. THOMPSON: I'm sorry, I just didn't get your reasoning there.

MR. FROESE: I think the item as listed, the \$20 million, should be shown in two separate statements; one for the roads as outlined already scheduled, and another for future commitments.

MR. S. PETERS (Elmwood): Mr. Chairman . . . . as a carry-over should be shown as a carry-over.

MR. CHAIRMAN: Item 2--passed. Section B.

MR. GUTTORMSON: Mr. Chairman, there's one road I'd like to discuss briefly with

(Mr. Froese, cont'd.) . . the Minister and that is the road that runs southeast from Gypsumville to the farming area around Gypsumville, and also leading to the two Indian reserves of Little Saskatchewan and Lake St. Martin. The road is not a highway. It may not be shown on the map, and is causing considerable concern to the people in this area, not because of the road itself but because it's a very winding road and the brush along the side of the road is very dense; and I'm very much afraid that unless something is done to clear this brush on this winding road that we'll have a fatal traffic accident, because a motorist exercising extreme care could quite easily become involved in an accident on this road. It's very winding and you can be practically on top of a car before you realize it. And I would just like to ask the Minister to seriously consider having something done right away to have this brush removed, either by hand-brushing or by killing it with spray. I would like to see something done on it, as I say, as a safety precaution because we're going to lose a life or lives on this road unless something is done very shortly. There's a lot of Indians on the two Reserves up there looking for work and I think it would make an excellent works project for these people, and I would appreciate it if he could give me any hope of some work being done on this particular road. It wouldn't be an expensive project, but something should be done from a safety standpoint.

MR. THOMPSON: Mr. Chairman, I'd be certainly glad to look into that, but I feel that this is a market road, is it not? I think it's a market road which actually should have been brought up under aids to unorganized territories.

MR. GUTTORMSON: Mr. Chairman, I'm aware of it. I overlooked the fact and I took this opportunity to raise the point.

MR. CHAIRMAN: Schedule B--\$26,364,750--passed; Schedule C--Grants, etc., Item 1.

MR. CAMPBELL: Mr. Chairman, we'll be getting a breakdown of what is included in the \$4 1/4 million, I guess, will we?

MR. HRYHORCZUK: While we're at that, Mr. Chairman, will the Minister in charge tell us whether these particular items anticipate carry-overs too?

HON. STEWART E. McLEAN (Minister of Education)(Dauphin): Mr. Chairman, the first item of \$4,225,250 being asked for the University of Manitoba, capital items which are as follows: The new--I shouldn't say the new science building--new science building, the original estimate on this building was \$3,600,000 which was expected to be voted \$1,200,000 in each of three years. The first two votes were made, and that included the vote a year ago. However, the cost of completing the project is greater than was originally estimated and this year, in order to complete the project, \$2,800,000 is required. That is the first amount of that total sum. The second item is to provide a Special Services Building which is an annex to the Arts Building. The estimated cost of this building is \$1,100,000. In the 1959-1960 fiscal year we provided \$450,000; Canada Council is providing \$300,000; and we're now asking for \$350,000, which is the balance of the amount required to complete the project. Another item in this total is for the old science building, which is to provide money for alterations to convert space which was formerly used for physics and chemistry to the uses of geology, botany and zoology. The amount under that item is \$200,000; \$250,000 is asked for new boiler and equipment for the heating plant. The old steam plant is hardly adequate to provide the heating requirements with the new buildings on the campus. A new boiler will be added and the existing boilers will be converted from coal to gas or oil. The amount asked for on that item is \$250,000.

There's an item of \$50,000 for acquisition of property for medical and dental expansion. This is to begin the acquisition of certain properties which lie just adjacent to the medical and dental colleges to provide room for later expansion of these facilities. As the committee knows, the other buildings in the vicinity of the two colleges are the Winnipeg General Hospital, the new Children's Hospital, and the Winnipeg School of Nursing. There's an item of \$400,000 provided for a spiral ridge cyclotron. This is a piece of equipment which is used in the atomic research and the estimated cost of this equipment is \$500,000, of which it is expected that \$100,000, will be provided by the National Research Council and the \$400,000 is being asked in our capital estimates for the balance of the cost. I might say to the committee that it is anticipated that the operating costs will come from National Research Council grants.

There are some miscellaneous items, which total \$175,250, made up of a garage and storage building, \$30,000; some work on the Home Economics Building, \$18,000; parking lots, \$30,000; residence renovations, that's residence at the university, \$50,000; certain conversions

(Mr. McLean, cont'd.) .. with the Manitoba Power Commission, the electrical supply, \$15,000; telephone facilities, \$5,000; roof repairs, \$7,000; machine shop maintenance, \$19,250; and steam line renovations, \$1,000. All of those items total \$4,225,250; all expected to be spent in the fiscal year 1960-'61 on those items that I have mentioned.

The second item here, that of Brandon College, as the committee will remember, last year we informed the committee of our policy of capital assistance to Brandon College in its plans for expanding the college, and a grant of \$500,000 was provided for. That money has not all been used yet because the college is--the money is being paid out on progress payments as they proceed with their building. I would imagine that within a reasonable time it will all be used. And then the amount being asked for in this vote, \$240,000, is the amount which we estimate will be required in the fiscal year 1960-'61 to match the grants, or I perhaps shouldn't use the word "match" because it's a grant of \$2 for each \$1 collected by Brandon College in its collection of funds for building expansion, so that it's a two for one arrangement. It is estimated that it will require \$240,000 from the Province of Manitoba in the fiscal year 1960-'61 to match those monies, and it is anticipated that those monies will be spent during the year. Now that of course is subject to Brandon College itself collecting its 1/3, and then of course, in turn, expending the funds on building construction. But we believe that they will be able to reach that objective during the fiscal year.

MR. PAULLEY: Mr. Chairman, I would just like to ask the Minister a question or two in connection with--I'm not concerned too much with the method of having capital granted for the large items such as he mentioned, the heating and alterations to the old Science Building of, I think in one case, \$200,000 and the other \$250,000. But I would like to ask the Minister why it is that he listed a whole lot of smaller items there, and if I heard him correctly, including a garage and renovations to residence and the likes of that. Why is that done by capital instead of out of current revenue? It would seem to me that it would be more economical to have that done under current revenue rather than under capital. Is there a reason for that?

MR. McLEAN: Mr. Chairman, I'm a real greenhorn in the matter of high finance and I'm really not always able to explain the distinction between capital expenditures and current expenditures. The university apparently for a number of years has been in--it has been the policy to include items of this sort in capital expenditures and they have come in with their request in this form. I just make this comment that, of course, it does come to \$175,000, which is in a sense a figure almost the same as the alterations to the old Science Building, and perhaps in that sense, while they're smaller amounts in the individual items, they total an amount which is almost the same as this other. I think, of course, that some of these items quite clearly could be considered capital items in the sense that, for example, a garage and storage building is something that will be used for a number of years, and even though the total cost is not too large, it is an item which is going to be used for a number of years and the capital cost of which, an ordinary accounting principle should be spread over a number of years.

MR. PAULLEY: I can appreciate, Mr. Chairman, the situation of the Minister when it comes to high finance or low finance. Mine's usually low. However, I think possibly I can get the answers to these questions in Public Accounts tomorrow. It's just that it seemed to me that we do, for instance in our estimates that we passed in connection with the university in the Main Supply, there was a non-recurring expenditures item of about \$115,000, and while the Minister's explanation of these things in a sense being capital may be correct to some degree, there were some of them such small items, I thought that they should be handled . . . . . However, as I say, Mr. Chairman, I think possibly we could get the answers to that in Public Accounts tomorrow.

MR. CAMPBELL: Mr. Chairman, it certainly does my heart good to see that the irresponsible financial policies of this present government is driving even my honourable friend the Leader of the CCF Party to applaud the policy of the former government, which I certainly--(interjection)--yes, it's the same policy, with this difference--and this is where I want to correct my honourable friend--that in the last year that we had charge of the finances of this province, we had that whole amount of \$1,200,000 as my honourable friend mentions, paid out of the current revenue. Also the Agricultural Research Building. --(Interjection)--Yes, yes, we had a surplus as well, and I'd recommend to my honourable friends that they get back to

(Mr. Campbell, cont'd.) . . . that kind of a program. But the question that I arose to ask--incidentally, Mr. Chairman, the Honourable Minister of Education is very modest and says that he's just a greenhorn in finance. I think he's in a fair way to learn a lot about it with the program in Education that he has in hand. I don't think he'll remain a greenhorn very long. The question I rose to ask though was the capital supply that we voted for the university in the '59 session I think was something well over \$5 million. Has that all been spent or committed?

MR. McLEAN: Well now, Mr. Chairman, I didn't bring any figures on that but I would say "yes", it has been. Certainly it has been committed. It may not have all been spent but it has been committed, yes.

MR. FROESE: Mr. Chairman, are items 1 and 2 strictly grants, or is any portion of that out on loans? Are items 1 and 2 strictly grants, because it mentions grants and loans both.

MR. McLEAN: These are grants or guarantees on which the Province of Manitoba pays both the principal and interest. In other words it's neither. They're not loans or advances in the sense that one ordinarily understands that term. The committee will recall that the Capital Bill provides that grants may be made or guarantees given; and in the case where the guarantee is given, it simply means that the university borrows the money but the full cost of servicing the borrowing, both principal and interest is paid by the Province of Manitoba. So that it does not in any way--it is not repaid to the province by the university.

MR. HRYHORCZUK: Mr. Chairman, I would just like to ask the Honourable Minister-- I know he told us that he's not up on financing and I don't even pretend to be, but I would like if he could, give me an answer. I recall that during the previous two campaigns, I believe the government on the hustings, said that they would be able to increase services considerably without an increase in taxes, and from what my honourable leader said here a moment ago, that we had a million dollars, I believe it was, or slightly more than that of the same type of program in our current estimates, leads me to come to the conclusion that in order to provide at least part of the services that were promised, instead of levying taxes, increasing taxes, in order to balance their budget, the money is raised by way of capital, by way of loans. Would that be why we find some of these capital items in these estimates?

MR. McLEAN: Well, Mr. Chairman, first of all--the Leader of the Opposition has referred to \$1 million or some figure of that nature being in the current estimates previously and I don't doubt that; but I would remind you that you also had a capital bill and had a substantial sum of money in that. However, that's a--

MR. CAMPBELL: Not for the university. I think, Mr. Chairman, I think we paid all of it out of current--

MR. McLEAN: Paid all cash? Well, of course, the previous administration wasn't providing very much money to the university for capital expenditures and I can well understand how it would all be in the current account.

MR. CAMPBELL: It probably wasn't much, Mr. Chairman, but it was something over \$5 million.

MR. McLEAN: Now, I do not think that there is any essential difference in the policy that is being followed now from that which was followed previously that capital expenditures for the university were provided previously, and we're doing so in the same fashion. Except, of course, that we have provided somewhat larger amounts, both last year and this year for capital expenditures.

MR. HRYHORCZUK: Well, Mr. Chairman, isn't this item of \$240,000 for the Brandon College--isn't that a form of a grant?

MR. McLEAN: Pardon?

MR. HRYHORCZUK: Isn't that a grant, that \$240,000? It's classified as a grant isn't it? You're giving them a grant aren't you of that amount?

MR. McLEAN: Yes.

MR. HRYHORCZUK: Well, grants aren't generally put into capital account, are they?

MR. McLEAN: But this is a grant for an expenditure of a capital nature, the provision of a building or buildings.

MR. CHAIRMAN: (1), passed; 2, passed.

MR. MOLGAT: Mr. Chairman, under Item 2, I notice that there's no item this year

(Mr. Molgat, cont'd.) . . for the other affiliated colleges of the university. Are there no requests from any of them for construction?

MR. McLEAN: No, Mr. Chairman, no requests beyond what was provided for in the Capital Estimates of last year and the money that was provided will be, as far as the information we have now is concerned for the coming fiscal year, the amount that was voted previously will be sufficient to meet that request.

MR. MOLGAT: Mr. Chairman, I understand that the arrangement with Brandon is that for every dollar that they put up the government will put up \$2 on construction. Is that the same formula as was used for the other four colleges that obtained capital grants from the government in last year's estimates?

MR. McLEAN: Mr. Chairman, the formula for the denominational colleges is a formula of 25% of the construction costs. Now there's some slight conditions attached to that, but that's a handy way of referring to it as 25% of the expenditures. With respect to Brandon College, it being a non-denominational college virtually in the same position as the University of Manitoba insofar as the government of Manitoba is concerned, the formula there is a formula relating only to Brandon College.

MR. M. A. GRAY (Inkster): Mr. Chairman, may I direct a question to the Minister? Is the Provincial Government Seed Enterprise Company known as the McKenzie Seed Company, are they still contributing to the Brandon College?

MR. McLEAN: Yes, Mr. Chairman, although that doesn't come under the Capital Bill. The income from the McKenzie Seed Company goes into the current operating account of Brandon College and is really an internal matter with them. The committee will remember that when the current estimates were before the House, we had an item of a grant by the province for current operating account. Now, before they arrive at the figure that they require from us, they of course, have taken into account the money that they receive from the McKenzie Foundation.

MR. GRAY: Mr. Chairman, a supplementary question. Has the Minister any idea what was the contribution, say any year, last year, either the fiscal or the calendar year?

MR. McLEAN: For the last college year, \$14,000.

MR. CHAIRMAN: Item 2, passed; Item 3.

MR. LISSAMAN: Mr. Chairman, I would first of all like to express the gratitude of every citizen of my constituency for the very generous recognition this government is making towards Brandon College, and to be perfectly fair, I should pass also some thanks to the previous administration. When I first entered this House the annual operational grant was \$22,500, and in their second last year of office this was raised to \$50,000 and the following year it was subsequently to \$90,000. Because now public monies are going into Brandon College, I thought the members might like to have a very brief bit of history. I made available to the members some time ago a special edition of the Brandon Sun in celebration of their Sixtieth Anniversary, and I have some further copies if members would be interested. It gives the historical run-down and the proposed new plant, and if members would like further copies I'd be very pleased to supply them. I think it is only right that Brandon College should be given recognition and assistance because it is a very great help to western Manitoba and of great value. Over the years the rural children have always used Brandon College in excess of boys and girls from Brandon itself. The average attendance has been 60% from out-of-town and about 40% from the City of Brandon. Presently there are enrolled--the total enrolment in arts and science and teacher training total 498 pupils. If you include the music department, we then arrive at a total of 754. The academic record of the college, in my opinion, is excellent. While the arts and science students only roughly equate to about 5% of the total enrolment of the Manitoba university, over the past decade the students from Brandon College have taken about 40% of the gold medals available during that time for the university, so you can get some idea from that of the academic standards.

Now no one would doubt the cultural and educational value of the college to Brandon, but I would like to remind the members that there is a very great economic value to western Manitoba in the college. The annual budget now is somewhere in the neighbourhood of \$400,000. If we had an industry of that size, of which we have several of course larger but we wouldn't sneeze at an industry even of that size, but I would suggest to you that the college economically

(Mr. Lissaman, cont'd.) . . . represents a far better proposition because an industry would have to buy a considerable amount of its raw materials out-of-town and would leave a smaller portion for local circulation. Here, almost the entire amount is being spent within the area for services and supplies. Now a few years ago we realized that with the terrific expansion coming in the fields of higher education, that the college would either have to expand or die. In our search for funds, as to how we could raise money to build new buildings, the first thought was of Canada Council, and we found that roughly \$100,000 was available from that source. Subsequently, the Provincial Government, as you have heard the Minister inform you, came in for an unconditional offer of \$500,000. And then after we started our public drive for funds, the government very generously agreed to match \$2.00 for every dollar that was raised. I am happy to inform you that in that drive we are well over the half-way mark now, and since we have a period of five years in which to raise this money, I believe that we will reach the ultimate goal which will make possible the plan as shown in this paper.

.....(continued on next page.)

MR. CHAIRMAN: Item 3 . . . .

MR. CAMPBELL: Mr. Chairman, I presume that the Minister concerned intends to give us some detail on this.

HON. GEORGE JOHNSON (Minister of Health & Public Welfare) (Gimli): Well, the financial picture in the Health Department is always so clear-cut, Mr. Chairman, I thought there wouldn't be any questions this year. This one million four is very simple. Every year, as you know, the Federal Government allots a certain amount of money to the provinces for hospital construction, and as near as the federal health grant people here can determine, this is on a population basis. For the coming year the vote for hospital construction for this province of federal money available is \$880,195 and the Federal Government revotes what we are not able to use in the previous year. If we don't use all the money they revote it and make an amount available to us which the province must match in hospital construction. Last year, you will recall, we voted \$610,000 of this money towards hospital construction. It was up to a total of around nine hundred and something but there was \$315,000 we held back for our own mental hospitals construction and the Rec. Hall at Selkirk. We have spent, of last year's appropriation, approximately in the seven or eight months since the last session, around \$515,000 of the six ten we voted. We have a carry-over in the Federal revote this year of \$405,000. Their grant of 880 makes a total of one million two, minus the amount of money of \$315,000 we take out of that towards our own mental hospitals, leaves an amount of \$970,000 of our money which we must make available in order to claim that Ottawa money. So this was rounded out and \$970,000 really represents the total possible grants available for general hospital construction and renovation in the coming year.

We appropriated \$500,000 towards elderly persons housing construction for the coming year and I can clear this with members. Last year we voted \$375,000; we had \$100,000 carry-over which gave us \$475,000; we have expended of that amount, \$125,000; we have available from last year's vote, \$350,000; but we want to add another \$500,000 this year because I would tell the honourable members my listing here shows that under construction at the present time we have a total of 256 beds. This is largely hostel construction. We have, both in hostel and elderly persons housing units, enquiries where applications have been received, a total of 402 beds for around estimated provincial costs of around \$400,000; and anticipated projects of another 400 which I have listed here. We feel there's a great need for this type of accommodation throughout our rural communities and in the Greater Winnipeg area in order to keep our elderly people who are best maintained in domiciliary accommodation. And we, as I announced previously, are giving this a great deal of emphasis. We think it will go a long way towards helping us with our hospital plan in the rapidly ageing population. These are really the two large items -- this is what this appropriation is made up of -- this \$1,470,000.

ORLIKOW: Mr. Chairman, last year we appropriated \$500,000. I'm disappointed at the small amount we spent, but I have to agree with the Minister that it takes time to get these projects started. I am interested in -- the Minister says that there are about 400 -- as I listened, about 400 beds in construction or planned and another 400 applications. I would like very much to hear some list of what is either being done or what has been approved, because I did see a list in one of the newspapers a couple of weeks ago and I was struck by the fact that the list was almost exclusively for areas outside of Greater Winnipeg. I'm not suggesting for a moment that they are not needed there, but it is also true that a very large percentage of our old people tend to live in the urban centres in Winnipeg and I suppose in Brandon as well, possibly Portage or Dauphin, and I was struck by the fact that of the list I saw, and it may not have been a complete list, there was the complete absence of projects listed in Winnipeg, Brandon and so on. Now it may be that these projects are much more expensive because of the cost of land and other problems such as this, but I would like to hear from the Minister in some detail as to what projects have been begun; what projects have been approved; and what applications there are, for example, to get some idea of what is going to be done.

MR. JOHNSON (Gimli): Mr. Chairman, I can give the honourable member a complete listing here. As I say, the projects under construction are, at the present time, totalling a total of \$208,000. These are approved and some grants have been made to some of these: the Fairview Home in Brandon, 134 beds; Rosenort, Steinbach, 64; Grunthal, 26; Greenland Home at Ste. Anne, 12. Then we have where applications have been received and where we have been in

(Mr. Johnson (Gimli) cont'd.) ... contact and working with the group, 260 of these are in the Greater Winnipeg area containing both -- two of the largest here are for elderly persons' housing units, for instance the United Church, we're working with them on a project. There's one at Swan River planning on 50 beds; 60 beds at Cosmopolitan Club, Winnipeg; Altona, planning on 50; Tabor Home, Morden, planning on expansion; Canadian Legion in Winnipeg have contacted us; St. Philips Anglican Church, Norwood, 21. That comes to around \$400,000 in provincial expenditure -- just those 400 beds roughly. Our anticipated projects are Carman, Dauphin, Flin Flon, Hamiota, Russell, Roblin, Souris, Greater Winnipeg, quite a large number, 120; another 50 anticipated in the St. Boniface area; making a total of another 400. And I felt with the total here of this anticipated outlay that half a million dollars appropriation this year would probably see us through.

MR. ORLIKOW: These individual units, are they hostel types?

MR. JOHNSON (Gimli): Most of them in the rural areas, I can inform my honourable member, are hostel types but Morden is about the only one that is building the housing type. In the Greater Winnipeg area there's 30 units for couples for instance in one project; 50 units for singles -- more single units now as the honourable member probably knows -- plus an 80 bed hostel. One other association is applying for 30 units for couples; another one 16 units for singles; another church group, six units for couples, nine units for singles; so it's pretty well broken down 50-50 between the hostel type of accommodation and the housing type of accommodation in the Greater Winnipeg area. But there is a tendency in rural areas for more of the hostel type of accommodation in these projects so far submitted.

MR. ORLIKOW: There's just one more question. Approximately how many people would these projects, which are planned, accommodate?

MR. JOHNSON: 1,040.

MR. NELSON SHOEMAKER (Gladstone): Mr. Chairman, just as a point of interest, is it a fact that the same grants that are available for elderly persons' housing are also available for nursing homes? The same grant structure?

MR. JOHNSON (Gimli): In regard to the Elderly Persons' Housing Act, I passed a little pamphlet around. Where the housing unit is developed, one-third of the cost comes from -- we give a grant of \$1,667 for one unit. For the hostel type of accommodation, the grant is \$1,200 per hostel unit.

MR. CHAIRMAN: Schedule C, \$5,935,250 -- passed. Schedule D, Manitoba Agricultural Credit Corporation -- passed.

MR. CAMPBELL: I would like some information on this one, Mr. Chairman. I'm sure all of us know the purpose, but are we going to have a statement as to how the loans are progressing? And whether it's anticipated that all of this money will be paid out before we meet again.

MR. ROBLIN: I think, Mr. Chairman, that I can't give a guarantee that the amounts of money in both these items will be paid out. That will depend on the demand, but I imagine that we will use all of the \$6 million on the agricultural credit this year. As my honourable friend knows, the demand is still running quite heavily and I think our appraisers will be able to dispose of this amount of money without much trouble.

MR. CAMPBELL: Well it's really the case though, isn't it, of the selected demand, because I think the demand has been a great deal greater than the supply of money after the loans have been processed, so isn't it probably a fact that the checking of them has been so careful up to date that a comparatively small amount of money has gone out in comparison to the applications that have been received.

MR. SHOEMAKER: Mr. Chairman, I understood when we were on the agricultural estimates that there would be an annual report of the Manitoba Agricultural Credit Act laid on our desks, or an interim report, during this session. Are we going to get it, or will there be one?

HON. GEORGE HUTTON (Minister of Agriculture) (Rockwood-Iberville): I laid on the table the report to March 31st.

MR. SHOEMAKER: Were there any loans made prior to that at all though.

MR. HUTTON: No.

MR. SHOEMAKER: We will not be receiving a further report at this time?

MR. HUTTON: That is correct. I would like to say, Mr. Chairman, that there are enough applications on file at the present time to ensure the disbursement of the amount of money that we are asking for. It is anticipated that to the 31st of March we will have disbursed or approved -- at least approved -- \$4 million worth of loans and we are anticipating disbursing 50% more this coming year.

MR. CHAIRMAN: Manitoba Development Fund \$4,000,000.

MR. CAMPBELL: . . . . on this one be forthcoming, Mr. Chairman?

MR. ROBLIN: The same situation applies here, Mr. Chairman. We don't know. The demand situation isn't just the same as it is under the agricultural, but the best estimate that we can get from the fund is that they will be able to profitably employ this amount of money.

MR. CAMPBELL: I have not been too close to this and I do not consider myself to be as well acquainted with it as the earlier item, but my impression is, and I have nothing more to go on than just an impression, my impression is that there's not the same degree of selection applied in this case as in the former one -- That's an impression.

MR. EVANS: Mr. Chairman, it's a false impression.

MR. CAMPBELL: Does my honourable friend think that there is equally great selection in the case of this one? Would there be any figures that could be produced, Mr. Chairman, that would show the ratio of accepted applications to the number of applications that have come in, that would rather confirm my honourable friend's statement. My guess is that if we had such figures that they would confirm my impression.

MR. EVANS: Well, Mr. Chairman, the standards are rigid and the requirements for security and for the amount of money to be provided by the people going into the business, et cetera, are pretty strict. The board examines them with great care and I would say that the standards and the strictness of awarding credit is fully up to -- certainly any practice in this field. It's hard to compare an agricultural loan program with an industrial loan program. They are different. Our standards are just as high, or the fund's standards are just as high and just as strictly administered. The Honourable Leader of the Opposition may find in his files a return which I tabled to an order of the House which does set forth the number of applications and the number of those that have been accepted.

MR. HRYHORCZUK: Mr. Chairman, have you a set percentage that the applicant must put in to the business -- of the total investment?

MR. EVANS: When they say "we", the Honourable Member for Ethelbert Plains undoubtedly means the Board, because they govern the conditions under which the credit is let. Yes, there is. It's substantial. My impression is that it's in the neighbourhood of a third.

MR. HRYHORCZUK: Is that a set rate, or does it vary?

MR. EVANS: It varies somewhat -- in that neighbourhood.

MR. J. M. HAWRYLUK (Burrows): Mr. Chairman, . . . . has been given out to date, or will be given to date? No idea?

MR. EVANS: None at all. This is provisions from last year.

MR. CAMPBELL: Mr. Chairman, the Honourable the Minister mentioned that this return was made. Unfortunately, I couldn't find it when I was trying to do so. I would like to know if the Honourable the Minister is able to give us an approximation of the percentage of accepted applications to the total number of applications.

MR. EVANS: Mr. Chairman, I haven't those records with me. I had thought this had been fully dealt with in the current estimates and with the return that had been tabled. I am sorry I haven't my copy with me either.

MR. CAMPBELL: It's probably too soon, Mr. Chairman, anyway, to make any considered assessment of the operation of either of these Acts and I'll try and remember to ask him next year.

MR. EVANS: You will probably remember.

MR. GRAY: Mr. Chairman, this proposition was created for the purpose of helping small business people who cannot, on account of their financial position, satisfy any private bank to lend him money to establish the goods. If the regulations are very rigid, which means that you may require almost the same security as a bank, then the purpose of this here is entirely killed.

MR. CHAIRMAN: Schedule D. \$10,000,000 -- passed. Schedule E, Manitoba

(Mr. Chairman, cont'd.) ... Hydro-Electric Board.

MR. CAMPBELL: Mr. Chairman, in connection with this one, I do not expect the Honourable the Minister to know all of the details of a project of this kind. I know that it's sometime in the future as far as completion is concerned, and I expect that in addition to the road, a lot of preliminary work had to be done and even construction undertaken that is out of ratio to the early horsepower produced. But would the Minister tell us, as a point of very great interest, what is the ultimate capacity of this particular plant? I expect it's not going to be all developed at the one time, but the ultimate capacity?

HON. J. B. CARROLL (Minister of Public Utilities) (The Pas): As I recall it, I don't believe, but it's 448,000 horsepower, I believe it is -- 328,000 kilowatts. I could give the committee a breakdown of these figures if they would care to have it. The authorization is broken down into the northern power system and the southern power system; and of the southern power system, \$6,271,500 is for the completion of Selkirk; \$120,530,000 is for generation at Grand Rapids over a five year period.

MR. CAMPBELL: Could I have that figure again, Mr. Chairman?

MR. CARROLL: \$120,530,000. The total for new generation in the southern system, \$126,801,500 plus another item of \$1,358,350 which includes some reconstruction on existing plants in addition to new facilities at Brandon and so on, without increasing the generating capacity, but new equipment which results from the greater capacity and larger loads that are being carried and so on. For transmission, this is related to new generating stations, \$8,078,500; new terminal stations, \$6,240,300; communications and supervisory, \$598,220; relay and metering, \$56,050; maintenance and construction, \$2,100; transportation, \$85,000; miscellaneous, \$617,000. In connection with the authorization for the northern system -- Kelsey, \$5,880,000; Kelsey transmission between Thompson and Kelsey is \$290,000; making a total of \$150,000,000. That's broken down over the five year period. The requirements are estimated to be \$25 million during the '60-61 years; \$27 million, '61-62; \$39 million in '62-63; \$40 million in '63-64; and \$19 million in '64-65. Those are the approximate figures.

MR. GRAY: Mr. Chairman, may I ask the Minister, what is the power supply situation at the present time in this province?

MR. CARROLL: Well, I can't give you the exact -- oh, I could give you the exact figures too, but what you require is, is it adequate for our needs at the present time? Yes it is quite adequate.

MR. CAMPBELL: That's a very interesting statement that the Minister gave and I thank him for it. I presume that there is some carry-over as well, because those figures, I think, add up to more than the \$150 million that's being voted. Is there ....

MR. CARROLL: Well the actual addition of those figures is \$150,800,200. -- (Interjection) -- Yes, there was a carry-over from the previous authorization of \$920,000.

MR. MOLGAT: Mr. Chairman, from last year then at that time we voted \$17 million, we were carrying over from the previous unused \$14 million nine, and I think that the Minister took in a depreciation reserve of \$475,000; that was a total of \$32,375,000 available for last year. All of that has been used except for \$20,000. Is that correct?

MR. CARROLL: No, I'm sorry, it's \$920,000.

MR. MOLGAT: \$920,000?

MR. CARROLL: Yes, \$920,000.

MR. CHAIRMAN: Schedule E, \$150,000,000 -- passed.

MR. ROBLIN: I move the Committee rise, Mr. Chairman.

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

MR. W. G. MARTIN (St. Matthews): Mr. Speaker, I beg to move, seconded by the Honourable the Member for Winnipeg Centre, that the report of the committee be received.

Mr. Speaker presented the motion and following a voice vote declared the motion carried.

MR. ROBLIN: Mr. Speaker, I beg to move, seconded by the Honourable Minister of Industry and Commerce, that the resolutions reported from the Committee of Supply be now read a second time and concurred in.

Mr. Speaker put the question.

MR. CLERK: Capital Supply -- 1. Resolved there be granted to Her Majesty for capital expenditures \$15,975,000 for Utilities Requirements. 2. Resolved there be granted to Her Majesty for capital expenditures \$26,364,750 for Other Requirements -- provincial buildings, highways. 3. Resolved there be granted to Her Majesty for capital expenditures \$5,935,250 Grants. 4. Resolved there be granted to Her Majesty for capital expenditures \$10 million, The Manitoba Agricultural Credit Corporation and Manitoba Development Fund. 5. Resolved there be granted to Her Majesty for capital expenditures \$150 million, The Manitoba Hydro-Electric Board.

MR. ROBLIN: Mr. Speaker, I thought last October that waiting for the time to arrive when my son was to be born was a rather trying and anxious occasion, but I must confess that I've had somewhat the same feelings for the last two days when it comes to getting to the point where I would be able to move the motion that the House resolve itself into Committee of Ways and Means.

The text of Mr. Roblin's address, with pertinent tables and charts, is printed on next and following pages.

#### Additions in Mr. Roblin's Budget Speech.

At the end of the second paragraph on Page 3, Mr. Roblin added: "And I would like to underline the importance of this development for the whole community."

On Page 35, second line, last paragraph, Mr. Roblin added after the words, "well qualified sources": "and let me hasten to say that these well qualified sources have nothing to do with the investment industry, and come from a source which I think would gratify all members if I were at liberty to disclose it."

On Page 40 at the end of the first paragraph, Mr. Roblin added: "And I insert that remark Sir, because I notice that in the budget of other provinces, they are including higher figures for their share of these tax distributions than that indicated by the Federal Government. That has been done in provinces to the west of here, but we are not doing it, we are basing ourselves on the figures that Ottawa has given to us."

On Page 43 just before last paragraph, Mr. Roblin added these words: "And it is with those words Sir, that I conclude and now move, seconded by the Honourable Minister of Industry and Commerce, that Mr. Speaker do now leave the Chair and the House resolve itself into committee to consider Ways and Means of Raising the supply to be granted to Her Majesty."

Mr. Speaker presented the motion.

MR. CAMPBELL: Mr. Speaker, I beg to move, seconded by the Honourable Member for Ethelbert Plains, that the debate be adjourned.

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

MR. ROBLIN: Before I move the adjournment, may I just remind members that the time of the meeting of the Public Accounts Committee is 10:00 o'clock tomorrow morning, not 8:00 as shown on the list. I beg to move, Mr. Speaker, seconded by the Honourable Minister of Industry and Commerce, that the House do now adjourn.

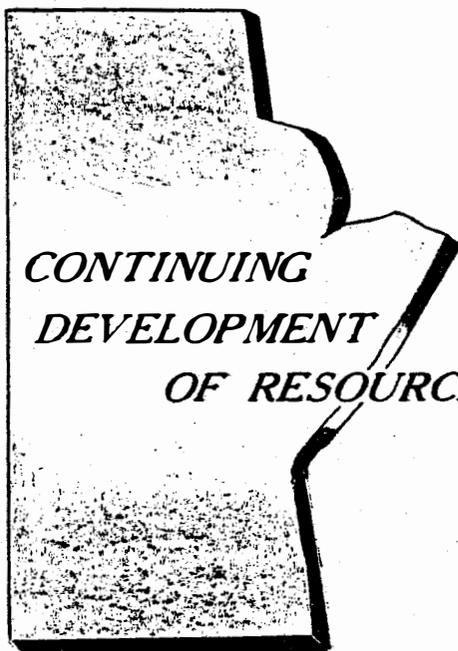
Mr. Speaker presented the motion and after a voice vote declared the House adjourned until 2:30 Friday afternoon.

# MANITOBA BUDGET

AND ECONOMIC REVIEW

1960

*".....FOR CONTINUING  
DEVELOPMENT  
OF RESOURCES."*



CONTENTS

Introduction	1
<b>THE ECONOMY TODAY</b>	<b>1</b>
Agricultural Resources	5
Power and Communications	8
Development, Integration and Consolidation	11
Highways	13
<b>CONSERVATION AND DEVELOPMENT OF HUMAN RESOURCES</b>	<b>14</b>
Education	14
Health	15
Social Welfare	16
<b>PROVINCIAL-MUNICIPAL RELATIONS</b>	<b>17</b>
<b>FEDERAL-PROVINCIAL RELATIONS</b>	<b>20</b>

Contents Continued

FINANCIAL REVIEW

PUBLIC DEBT	25
Debt Transactions	27
Guaranteed Debt	31
Borrowing Policy	32
U.S. Financing	37
REVENUE AND EXPENDITURE - FISCAL 1959	38
REVENUE AND EXPENDITURE - FISCAL 1960	38
Revenue	39
Expenditure	40
CAPITAL SUPPLY	41
CONCLUSION	42

Financial Charts and Tables

BUDGET STATEMENT AND ECONOMIC REVIEW  
BY THE  
HONOURABLE DUFF ROBLIN  
PREMIER & PROVINCIAL TREASURER OF MANITOBA  
1960.

Mr. Speaker:

This is my second opportunity to place before the House a report on the financial affairs of the Province for a fiscal year closing, and proposals for a new fiscal year ahead. I am pleased to be able to report continued economic progress.

I said in my last Budget Statement given before this House last July, that the economy of the Province presented a most optimistic picture. In the interim, we experienced a difficult harvest, but the adverse effects while serious were eased by prompt assistance from government, and a more favourable turn in the weather. Progress continued in the Manitoba economy as a whole, however. Even in the short space of time between July and March, new records were established for sales and for production in many lines. I will review these developments in some detail in order to provide the background against which we have planned our financial programme for the fiscal year beginning on April 1st next.

THE ECONOMY TODAY

The buoyancy evident throughout most of our economy during 1959 has carried forward into 1960 with increased strength. Favourable projections for 1959 have been borne out. The 1959 Gross National Product approximated \$34.6 billion as compared to over \$32.5 billion in 1958. During the last quarter of 1959, the G.N.P. was recorded at a yearly rate of \$35.0 billion. This confirms that Canada has continued to move away from recession conditions of two years ago. The Canadian economy and our own provincial economy moved forward despite credit restrictions and financial restraints in other fields, and in spite of the constant threat to the flow of production of materials from the U.S. largely due to the

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

Year	Manitoba's Estimated Gross Provincial Income	% Increase Over Previous Year	Gross National Product	% Increase Over Previous Year
1950	1,016	8.3	18,203	11.3
1951	1,164	14.6	21,474	18.0
1952	1,259	8.2	23,255	8.3
1953	1,255	- 0.3	24,473	5.2
1954	1,252	- 0.2	24,871	1.6
1955	1,373	9.7	27,132	9.1
1956	1,574	14.6	30,585	12.7
1957	1,550	- 1.5	31,773	3.9
1958	1,653	6.6	32,509	2.3
1959 *	1,770	7.0	34,630	6.5

\* Projected

Source: Treasury Department.

steel strike there.

The fundamental strength of Manitoba's economy has been clearly established. There has been higher employment, higher personal income, increased production and sales, expanded savings - improvement in nearly every sector - all during the period of uncertainty in the capital markets and the trading channels.

In Manitoba, the weather did not treat our agriculture kindly. The inevitable effect on farm income will be reflected to some extent in retail sales and other economic activity. Even so, our economic community has proven fundamentally sound.

Capital investment increased in 1959. Indeed, the volume of investment created difficulties for public authorities entering the capital markets during the past eighteen months. Although investment in the public sector consequently was hampered, capital investment in new equipment, construction and machinery for all sectors totalled \$489 million in 1959. This was an increase of some \$80 million over 1958 - a rise of 20 per cent. Total capital expenditures, including repair and maintenance for all sectors, reached an estimated \$637 million last year in Manitoba. This increasing evidence of confidence on the part of private investors underlines the growth potential. Indeed, the sharp upturn in new investment by Manitoba business generally in 1959 is a very encouraging portent for the future.

There is further evidence of this confidence and strength in the economy. Manufacturing operations in Manitoba expanded throughout 1959, and reached production valued at an estimated \$744 million for the year - 10.2 per cent above the 1958 total of \$675 million. This production expansion made possible increased earnings for the workers in our Province. Manufacturing payrolls were estimated at \$157 million for 1959, some 12 per cent above the \$140 million earned during 1958. Employment, sales and corporation profits recorded substantial

ESTIMATED GROSS VALUE OF PRODUCTION  
FOR MANITOBA MANUFACTURERS  
BY INDUSTRIAL GROUPS

(Thousands of Dollars)

Industrial Group	1958	1959*
Food & Beverages	255,500	291,900
Electrical Apparatus & Supplies	15,400	16,300
Transportation Equipment	52,500	53,000
Miscellaneous Industries	8,020	7,700
Textiles	9,575	9,900
Clothing	48,100	51,800
Leather Products	6,033	6,500
Rubber Products	72	75
Wood Products	30,300	33,500
Paper Products	36,000	39,400
Printing, Publishing & Allied Industries	35,400	38,600
Products of Petroleum & Coal	57,300	61,200
Chemicals & Allied Products	16,200	18,000
Non-metallic Mineral Products	21,400	23,025
Non-ferrous Metal Products	15,500	17,100
Iron & Steel Products	67,500	75,600
<b>TOTAL:</b>	<b>674,800</b>	<b>743,600</b>

\* Estimated

Source: Department of Industry & Commerce.

gains in 1959, and preliminary indications for the first quarter of this year are that the expansion is continuing.

We have maintained our efforts to diversify and strengthen the industrial complex in this Province and to attract new enterprise. In 1959, more than half a hundred new organizations entered production in Manitoba. Among these were firms manufacturing such products as steel railway wheels, hydraulic pumps and valves, blowers, and insulated metal chimneys. Other new production now supplies plastic vials for chemical and pharmaceutical use and printing inks for the increasing publishing activities in Manitoba. In reflection of the expanding complexity of our commercial community, a new manufacturer of business forms began operations in the Province last year. Food processors were represented in the new organizations joining the ranks of Manitoba's fast-growing secondary industries based on the products of agriculture.

These enterprises underline the confidence of new investors in the future of our Province. Our new provincial agencies engaged in the promotion of industrial development have extended practical assistance and the results are most encouraging.

During 1959, an estimated \$331 million was invested in new construction in the Province. Housing starts were down for the country as a whole after the record year in 1958 but Manitoba showed continued improvement. Indeed, 1959 was the best year in our history for home building starts.

New machinery and equipment purchases totalled an estimated \$158 million last year and we anticipate about the same level for purchases in 1960. Capital investment and expenditures in the primary sector of over \$100 million during 1959 sustained the accelerating development of Manitoba's natural resources and the industries immediately concerned. We anticipate further expansion in this area during 1960. With major operations developing in the North, other types of

investment are expected and further industrial enterprise will be attracted. There has been no decline in investor interest in Manitoba despite the difficulties in the money market.

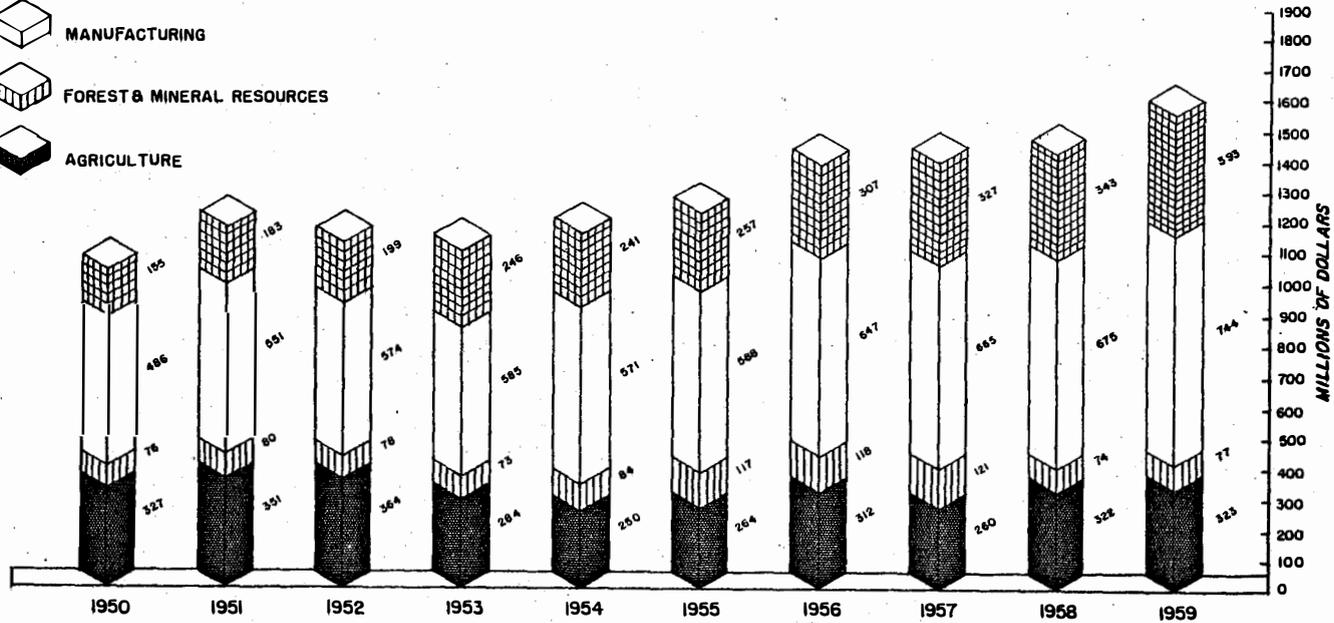
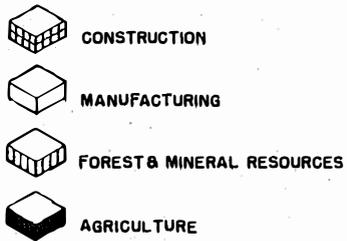
Commercial and financial services in this Province invested capital in 1959 estimated to total nearly \$56 million - up 14 per cent from a total in the previous year of \$49 million.

Investment in power, transportation, communications and all of the other vital services flowing from our utilities and supplied by institutions and by Government departments with their associated agencies, rose sharply in 1959. With repair expenditures included, this investment in the public sector is entered at over \$306 million. This year we anticipate further public investment of \$324 million. Manitoba's manufacturers made investments for additions and repairs to plant and equipment totalling over \$70 million last year - a 14 per cent rise over the expenditures on manufacturing facilities in 1958.

The activity in the business sectors of the provincial economic community is supported by the continuing increase in Manitoba's population. We are adding people at a rate substantially higher than for most of the past 15 years. Indeed, the annual increase of some 15,000 last year was more than one third above the average for the full post-war period. By December 1st, we were able to confirm that the rate of growth was continuing. We expect that by late April there will be over 900,000 people in this Province.

Trading statistics reflect this business and population growth. Over the past year Manitoba has consistently lead the nation in the increase of retail sales volume and value. The estimated retail spending in this Province reached an aggregate of \$820 million last year - more than 8.6 per cent above the previous

# MANITOBA'S PROVINCIAL OUTPUT GROSS VALUE IN MILLIONS OF DOLLARS FOR THE YEARS 1950-1959



MANITOBA'S PROVINCIAL OUTPUT  
GROSS VALUE  
(Millions of Dollars)

Year	Agriculture	Forest and Mineral Resources	Manufacturing	Construction	Total
1950	327	76	486	155	1,044
1951	351	80	551	183	1,165
1952	364	78	574	199	1,215
1953	284	73	585	246	1,188
1954	250	84	571	241	1,146
1955	264	117	588	257	1,226
1956	312	118	647	307	1,384
1957	260	121	665	327	1,373
1958	322	74	675	343	1,414
1959*	323	77	744	393	1,537

\* Estimated

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

MANITOBA AGRICULTURAL PRODUCTION, 1950-1959.

Year	Aggregate Production	Net Production *	
	(\$000)	Total (\$000)	Average per Farm (\$)
1950	326,971	240,875	4,588
1951	350,650	280,428	5,393
1952	364,191	269,481	5,182
1953	283,903	227,969	4,384
1954	249,520	215,518	4,144
1955	264,396	220,790	4,246
1956	311,817	255,993	5,224
1957	259,719	227,542	4,644
1958	322,694	266,359	5,436
1959 **	323,343	263,052	5,368

\* Including allowances for seed, grain, etc. fed to stock.

\*\* Estimated.

Source: Department of Agriculture.

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

---

---

	1958	1959
Agriculture	322,694	323,343
Minerals	57,066	57,952
Forest Products	17,000	19,000
Furs	5,366	5,059
Fisheries	5,935	6,254
Resource Output	408,061	411,608

---

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

year and representing an annual rate of growth of nearly 3 per cent above the national expansion rate. Supporting this sales record has been the continuing growth of personal income. The 12 months of 1959 brought more than \$1.3 billion in wage, salary and other income to Manitoba people. While the continuing outlook for expansion in the income sector suggests that we may expect the rate of growth in our consumption patterns to continue along substantially the same lines during 1960, we cannot overlook the effects on net farm earnings occasioned by the poor harvest, and the continuing inability of the agricultural sector to share fully in the general expansion of income.

Bank clearings in Manitoba have emphasized the healthy state of the economy. The more than \$16.7 billion in cheques cashed in Manitoba during 1959 represented one half of the total of such transactions in Manitoba, Saskatchewan and Alberta. This was an increase of nearly \$1 billion or about 5.6 per cent above the 1958 level of business. Another indication of the sustained strength of income in the Province was the record of some \$191 million in life insurance purchased during 1959. Bank savings deposits continue to represent another great reserve.

All the evidence in Manitoba points to continued sound economic growth. Over 165,000 people were gainfully employed in the Province during the past six months, a number appreciably higher than during the same period of a year earlier. However, we must continue to seek a long term solution to problems facing those of our working force who find themselves temporarily deprived of their normal opportunities during the off-season periods. Probably the best solution will be found in sustained growth itself. Our efforts as a Government are predicated on this premise.

#### AGRICULTURAL RESOURCES

Agriculture and the people who maintain that important sector of our national and provincial life must receive the continued attention of government

so that the influence of natural difficulties and economic adjustments may be brought under better control. The farm economy in Manitoba is in the forefront of the Government's considerations. While short term aid has been a matter of particular concern in recent months, the emphasis has been and will continue to be on programmes and policies which are basic to the long term development of our agriculture. We do not anticipate that difficulties will disappear overnight. However, I wish to direct the attention of the Honourable Members to sources of strength in Manitoba's agricultural sector - not with any intention of minimizing the problems, but in order that we may have a realistic appreciation of the continuing development and strength within the farming community in this Province.

Manitoba's farm output showed growth in the past year in spite of adverse harvesting weather. The total value of agricultural production in the Province last year was estimated at \$323 million - about \$1 million above the total for 1958. We anticipate that in 1960 agricultural production will be not less than \$325 million. It is encouraging to note that more than 50 per cent of farm cash income was derived from sources other than field crops in 1959. This continuing trend toward diversification in farm production gives hope for increased stability.

Adverse weather conditions affected the total farm production as everyone is well aware. We are equally aware of the prompt action of the Manitoba and Dominion Governments to alleviate the distress caused by the crop losses. Our programme of special relief is expected to benefit some 6,000 Manitoba farmers. We will distribute compensation and emergency assistance totalling more than \$1,300,000.

The index of prices received by farmers declined somewhat from the 1958 level in 1959, while the index of prices paid by farmers increased. Farm cash income in the Province was improved over the previous year, but 1959 did not bring

improvement in the net return to the farmer from his overall investment in labour, land and money - net farm income fell from \$121 million in 1958 to \$102 million in 1959. Although there was no substantial drop in cattle prices last year, marketings to the United States were lower than in 1958. There was less unsold wheat on Manitoba farms in 1959 than at any time since 1953, but damage to crops by weather detracted from this improvement. The recent changes in Dominion price support policies are having a marked effect on agricultural producers, but it is too early to determine whether the ultimate outcome will be beneficial to agriculture. The short and long term effects of these changes must be evaluated as they appear. The many favourable factors in the Manitoba agricultural sector are conditioned by problems for which solutions must be found. We face a continuing need to locate and develop new outlets for agricultural products, to protect our traditional markets and to improve farm technology. To accomplish these purposes, we must have the fullest measure of co-operation among levels of government and from the farm operators themselves.

The Government has extended substantial aid to the university agricultural research programme with an aim to increase further the diversification and effectiveness of our farming operations. In the research agencies co-operating with the Government, land use studies are being carried out. The creation of secondary school divisions has meant that more and better facilities are available for the education of the young people in our farm communities. The 4-H programme, the expanding farm business clubs, the rural sociology studies, and the advisory functions of the farm extension service are all important parts of our farm programme. Our bursary and scholarship programmes are making university education available to many young farm people, training them to use more effectively the skills and knowledge that are as important farming tools as a tractor or a plow.

The Manitoba Agricultural Credit Corporation is providing farmers with additional credit facilities to encourage enlargement of farming operations. As a result of special provisions in the agricultural credit legislation, capital has been made available for young farmers at reduced rates of interest. This will ensure that many of our able younger people who might otherwise have been forced off the land will be able to buy a farm and there establish a home. Approved loans now stand at over \$4 million. The Honourable Members will be aware that we are engaged in a carefully planned test programme leading to the development of a comprehensive crop insurance system. We are extending our programme of flood control and soil and water conservation throughout the Province.

Agriculture, more than many industries, faces changing markets. Various estimates have been made as to what might be the size of Canada's population by the end of the decade. The Royal Commission on Canada's Economic Prospects predicted that we would be a nation of over twenty million by 1970. Indications offered by the most recent income and consumption projections are that we will eat more of a greater variety of foods. Our agricultural experts forecast increases in the demand for livestock and livestock products while the staples will have less relative importance in the total diet of the nation. With this changing product emphasis will come changes in the size and organization of farms which we must be prepared to meet.

#### POWER AND COMMUNICATIONS

This Government has insisted from the first that the development of our natural resources is one of its most important charges. In this context, the development of power is fundamental. Manitoba has an abundance of water power sources, but these must be developed if we are to have the energy resources

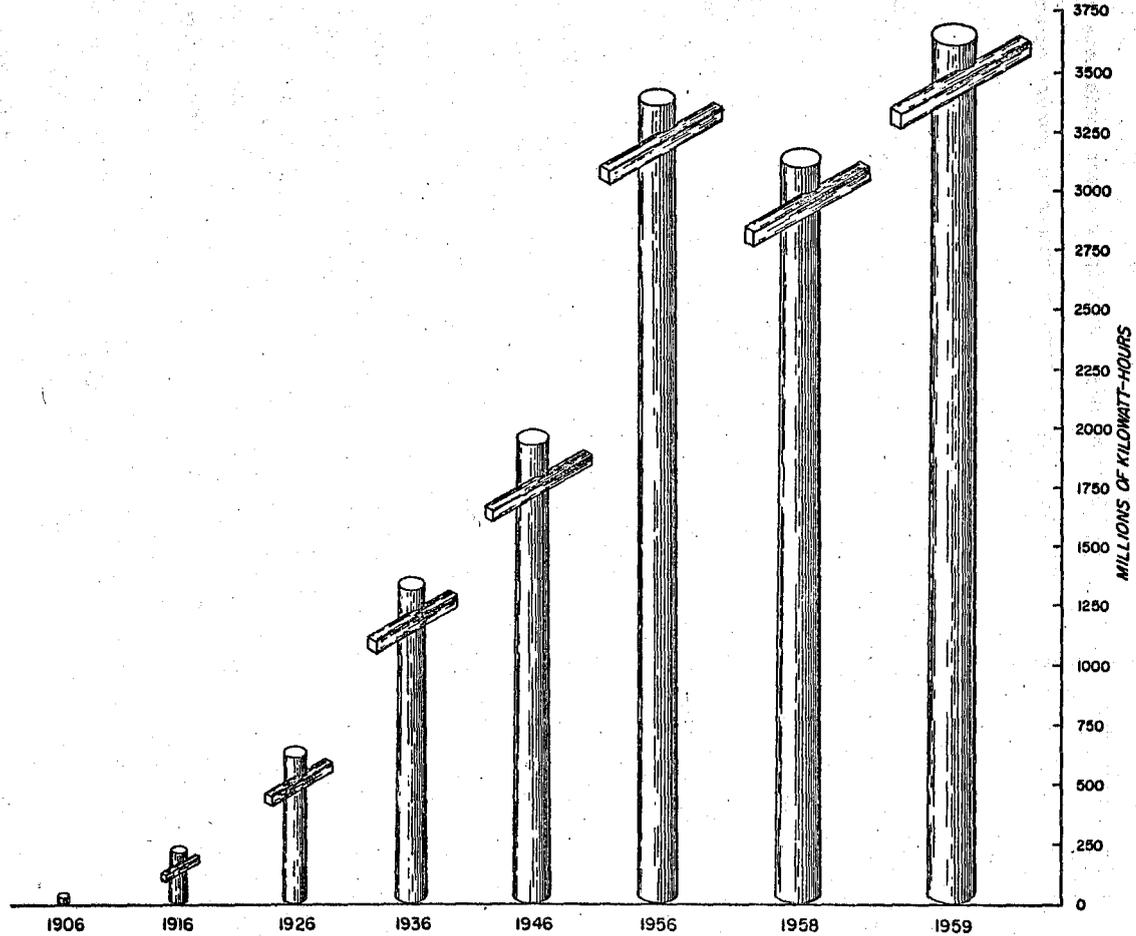
necessary to power an expanding community. Development must anticipate demand, and we have planned accordingly. In a context of expanding population and growing industry hydro-electric expansion must be maintained. The \$150 million to be invested in hydro-electric development over the next five years, which includes the great new development at Grand Rapids on the Saskatchewan River, is an example of our determination in this field.

Power has been the key to this new wealth at Thompson, a burgeoning industrial and community development in the North. We are completing the main development at Kelsey to supply hydro-electric power for the Thompson operation. Early this summer, with the commissioning of two units, the first stage of the five unit project will be almost completed, by which 210,000 H.P. will be added to the energy capacity in the Province. Generation facilities at Selkirk, now being completed, represent investment of some \$27 million, and another 176,000 H.P. of generating capacity.

Another major step in ensuring adequate future supplies of hydro-electric energy is the interconnection of the Manitoba Hydro-Electric Board's system with the Saskatchewan Power Corporation network. This two-province power grid is rapidly taking shape as the new facilities are advanced, and power from the Ontario border to the Alberta border will be soon available on a single network. The value of electrical interconnections between provinces was demonstrated in the past year, when Manitoba purchased about 50 million kilowatt-hours from the Hydro-Electric Power Commission of Ontario. If the Manitoba-Ontario arrangements had not been in existence, this energy would have had to be produced by thermal generation at a much higher cost. The interconnection made use of a resource - water in the English River - that would otherwise have been wasted.

The Manitoba-Saskatchewan interconnection will transfer economically the energy required at emergency periods. It will make satisfactory use of excess

# HYDRO ELECTRIC POWER PRODUCTION IN MANITOBA 1906 - 1959



**HYDRO-ELECTRIC POWER PRODUCTION IN MANITOBA FOR SELECTED YEARS**

---

<b>Year</b>	<b>Kilowatt-hours (Thousands)</b>	<b>Average Net Value (Thousands of Dollars)</b>
1906	10,936	-
1916	210,840	2,108
1926	616,551	3,823
1936	1,320,019	6,072
1946	1,939,405	12,606
1956	3,369,836	28,307
1957	3,373,973	29,016
1958	3,104,264	26,697
1959*	3,624,886	31,174

---

\* Source: Manitoba Hydro-Electric Board. Previous years' data from Dept. of Mines & Natural Resources.

generating capacity in either provincial system possible.

The demand for primary electrical energy rose by 7 per cent in 1959 to 3.2 billion kilowatt-hours as compared to 3.0 billion kilowatt-hours in 1958. Gross output reached some 3.6 billion kilowatt-hours last year. In 1959, an estimated \$27 million or about 4 per cent of the net value of industrial output in Manitoba was represented by electrical energy utilized in the production of goods and services. The value of power contribution is growing with each passing year. Output of electrical energy for all purposes - industrial, commercial and residential - represented an estimated \$30 million in value in 1959.

If we compare the value of the contribution that power is making to productivity in Manitoba, the \$150 million authorized for new investment in generation and distribution in the next five years assumes its proper perspective. We estimate that electrical energy of not less than \$32 million in value will be working to produce goods and provide jobs and convenience for Manitobans during 1960. This is the true return on our investment - a growing return and one likely to expand ever more sharply as new industry enters production in the Province and as our northern projects move toward completion.

Power generation and distribution has continued to keep pace with the expansion in the demand for electrical energy. Distribution facilities have been increased to power the new fixtures and appliances being added annually in unprecedented numbers in Manitoba homes. New lines and service provisions supply new industrial and commercial installations. All of these developments give the measure of progress in the past twelve months. The Power Commission has reported that the reconstruction project for transmission lines between Winnipeg and Portage la Prairie is now almost completed. More lines have been brought to summer resorts during the off-months to provide the benefit of expanded services from the beginning of the

tourist season. The project to carry supplementary power the 95 miles from Brandon to Dauphin is now finished.

The Manitoba Telephone System has continued to expand facilities for the needs of new industry and of the general public. Last year, 8,000 additional miles of long distance message circuits were established in the Province, comprising both land lines and radio carrier systems. New customers joined the thousands of subscribers now using telephone facilities in the Province, and more phones were supplied to current subscribers - in all, a record total of nearly 19,000 new installations were made last year. The year 1959, in fact, marked the greatest annual expansion in service and facilities in the history of the Manitoba Telephone System.

Such expansion in fundamental facilities is basic. It is not something that can be deferred to a more convenient fiscal climate. We have, therefore, so managed the Province's capital financing operations as to ensure that there will be no interruption in the vital progress of utility development.

#### DEVELOPMENT, INTEGRATION AND CONSOLIDATION

The Manitoba Development Fund was created in December of 1958. By the end of the 1959-60 fiscal year, loans totalling approximately \$3 million will have been approved for new or developing enterprise in our Province. We have assisted 45 firms and individuals to establish or expand their operations. Of the total loans approved, 60 per cent have been for enterprises outside Greater Winnipeg, with 40 per cent inside the metropolitan area. Every loan has been considered as a specific investment. We have created partnerships in progress. These enterprises and the Province both benefit from these activities.

To attract and fully utilize new capital, we are encouraging diversification and decentralization of industry. The Development Fund partnership helps to distribute the new development across the Province. Small but growing industries will be the basis for new community strength, attracting further industry as this process continues.

The facilities of the Department of Industry & Commerce have been expanded and reorganized to provide new services and further assist provincial growth. In the past year, the new Regional Planning Branch has begun mapping economic regions in Manitoba. These will be the basis for future community development. Our various developmental programmes are being so organized that they will take advantage of the particular strengths and needs of each region. In this planning process, we will be aided by a reorganized and integrated town planning service. Not only do we intend to bring industry to more and more communities, but we intend that the industrial growth should be both efficient and attractive. Urban and suburban economies should be integrated with the agricultural economy in the best interests of all.

Mr. Speaker, I have sketched the economic background against which our development programmes are being built. It is an economic situation in which confidence is warranted. But there can be no mistaking the need for care in plotting our course. The restraints upon financing imposed by the unprecedented demands for capital funds throughout Canada have their effects in Manitoba as well. We must weigh carefully our immediate needs as a Province against the broader aspects of economic policy and the wider national interest.

Progress planned for the first fiscal year of our administration has become a reality. We have passed through the initial stage of our comprehensive attack on underdevelopment in this Province. These undertakings that we have instituted will

be of continuing and increasing benefit to Manitoba. The extensive redevelopment and expansion of our provincial highway system will provide for the requirements of a future economy now being created by our other development programmes. The roads being constructed to our northern resource areas will open a new phase in Manitoba's economic history. The advancing lines of telephone and power services - in fact, the full range of our developmental activities - are doing more than catch up on our backlog of demands. These projects represent capacity for expansion. They are aimed to do more than meet the demands of tomorrow. They are also designed to create in Manitoba a richer future of more investment, more jobs and more potential for growth.

#### HIGHWAYS

In the fiscal year drawing to a close, we will have completed over 960 miles of major highway construction, with a further 1,280 miles of subsidiary road work having been completed in the same period. The combined total of over 2,240 miles of highway road work exceeds the completed mileage of either of the two previous years. In the fiscal year 1957-58, the comparable totals were: 676 miles of major construction and 751 miles of subsidiary work for a combined total of 1,427 miles completed. The 1958-59 fiscal year recorded some 880 miles of major work and just over 1,120 miles of subsidiary work for a total of 2,000 miles of construction. Had bad weather not hampered our operations, we would have surpassed by a much greater margin the total construction of the two earlier years. Greatly improved standards of construction have been adopted without a more than proportionate increase in current costs. Long term continuing costs will, of course, be appreciably reduced by the longer life of this improved construction. Standards have been upgraded by wider shoulders, more

suitable material and strengthened base courses, making for better roads able to withstand the strains and wear of heavy traffic over the years.

#### CONSERVATION AND DEVELOPMENT OF HUMAN RESOURCES

Upon taking office, we were faced by the almost overwhelming array of things that needed to be done and had not been done. The lack of a programme for economic development was matched by the shortcomings in social policy. Many of the essential needs of our people had been overlooked, and often with regrettable though predictable results. All progress must be geared to the human needs it serves. Highways, power and resource development programmes are designed to meet the economic needs of the people. Programmes in education, health and welfare meet the immediate social and human requirements.

#### EDUCATION

We have now completed a full year under the new education system with its secondary division school plan as approved overwhelmingly by the people in February, 1958. During the fiscal period ending on March 31 of this year, we will have made an investment in equal educational opportunity for Manitoba children totalling in excess of \$30 million. In the coming fiscal period we plan to maintain and expand that support.

The improved school system produces many young men and women trained and eager to enter University. The Government intends to maintain support for higher learning of proportions that will enable the University to be prepared to provide full opportunity for these people.

Bursaries and scholarships will continue to be provided. For 1960-61, we have allocated in the Estimates sums totalling \$200,000 to aid in giving qualified students opportunity to advance themselves through higher learning. I might remark here, Mr. Speaker, that our contribution to education will aggregate \$32 million on revenue account in 1960-61 and will represent some 34 per cent of the total provincial budget. This compares with the \$19.6 million allocated in 1958-59 or 24 per cent of that budget. But more than money is represented in the advancement - far more. What we have done is to give recognition to the most essential need of a modern community - the education of the children.

We have not neglected our young people who wish technical training. To ensure that the qualified young people are able to find suitable trades training, the Department of Labour has developed an improved apprenticeship system in Manitoba. Under a cost-sharing agreement with the Federal Government, 148,000 hours of class training were provided in 1959 for apprentices employed in trades designated under The Manitoba Apprenticeship Act. In-class training is coupled with job experience. At the beginning of this year, 1,620 young men were working toward completion of apprenticeships in 16 different trades. We shall continue our efforts to improve the skills and knowledge of our most valuable assets - the young people of our Province.

#### HEALTH

The year and a half that has passed since the establishment of a provincial hospital services insurance programme in Manitoba has been a period of continuing increase in the vigour and efficiency of our Hospital Plan. We have been firm in negotiations with the Dominion Government to widen the shared benefits under the hospital services programme.

We have underway a comprehensive survey of existing and potential hospital requirements, the completion of which will enable us to draw a blueprint for the future development for hospital facilities in Manitoba. In the meanwhile, we have not allowed emergency situations to continue unrelieved. Special legislation will enable the Province to assist certain major local hospitals to provide the expanded accommodation urgently required by their respective communities. These particular cases - in hand before the survey began - were reported on and found to be in need of immediate attention.

Hospitals alone are not the only aspect to be considered in the maintenance of health in Manitoba. In the coming fiscal year, we will be allocating some \$800,000 to the support of health units and allied laboratory and research services - an increase of 37 per cent over the 1959-60 appropriation. Research and training continue to be among the principal responsibilities supported by the Department of Health & Public Welfare. The training of nurses, doctors, dentists and others in this field, is given substantial support by the Province.

#### SOCIAL WELFARE

As the Honourable Members know, the first of February this year was a milestone in our provincial social development. The Social Allowances Act became effective on that date and human resources were given full recognition as important assets in our community. No longer will we be satisfied with meagre expedients. Our social allowances programme is designed to meet real need when and where it exists, in such a manner as to encourage the beneficiaries of social assistance to contribute of themselves to the improvement of their situation.

For those who are unable to maintain themselves in the community, we will provide their basic human needs. We count the benefits distributed as being every bit as important as any investment in a material resource or revenue producing asset. Careful planning assures the best possible administrative arrangements. Great care has been taken to devise legislation that is clear and fair in order to avoid injustice and wasted effort. By relieving the municipalities of much of the inequitable burden that they have so long carried, we improve the ability of our local governments to meet their financial responsibilities in other fields.

Education, health and human welfare programmes of this Government will receive continuing emphasis within our policy of progress for Manitoba. Successful economic development depends upon the full utilization of all resources including human resources. Much of our Budget has, therefore, been allocated to the support of these as the only foundation upon which our material progress can be lastingly built.

#### PROVINCIAL-MUNICIPAL RELATIONS

Mr. Speaker, prime importance must be attached to the maintenance of sound financial conditions at the local level. The effectiveness of many of our most important undertakings must be judged by the benefits extended to the community.

Despite high interest rates, rising service requirements and increasing costs, our municipalities approached the problems of 1959 from a position of strength. These difficulties have been countered by an increased financial capacity as shown by the rise in the municipal assessment to beyond the \$1 billion mark in 1958, and expansion which last year brought municipal tax resources to a level nearly double those of just ten years earlier.

While local governments have had to spend more to finance their expanding activities and the higher costs of operation, they had a more adequate cash position to meet the problems encountered in 1959. Provincial financial aid has been greatly expanded to help maintain and expand the growth of the local community. There is ample evidence of the success that we have realized in providing genuine support for the sound development of Manitoba's municipalities.

The last budget statement under the previous Government contained reference to the level of provincial aid to local governments. Using the same basis of computation as my predecessor, I can report that there has been very substantial improvement in assistance to municipalities and other local authorities in the twenty months of our responsibility.

In the field of education, the next fiscal year will see an increase of about \$10 million from the amounts available when we took office. Local drainage and conservation projects have been provided with an additional half million dollars more than in 1958-59. Support for local road work has been sustained and substantial highway mileage, formerly a municipal responsibility, has been absorbed as a direct provincial cost.

Over and above these direct aids, many provincial programmes have been expanded to provide substantial relief to municipalities by the assumption on the part of the Province of a greater share of responsibility in joint projects and undertakings. For example, our social welfare programme will require \$4.6 million more in provincial expenditure next year than was required two years ago, and much of this is due to the assumption of welfare responsibilities formerly borne by local governments.

As we did in the present fiscal year, we will again in the year ahead provide new support to many programmes of direct and indirect benefit to local progress. In the estimates for the year ending March 31st, 1961, we have included sums that will maintain sound development in agricultural and water conservation and control programmes. For the capital requirements for schools, and sewer and water facilities, we will continue to provide where necessary, substantial assistance through the guarantee on purchase of bonds issued for purposes of these undertakings.

In the calendar year 1959, there was a total of \$3,161,562 in municipal bonds issued for sewer and water purposes. We purchased \$2,535,290. Of the \$9,689,550 in bonds issued by school units in the same period, the Government took up \$4,323,963.

When the combined programme of assistance to local development - direct and indirect - is considered, the \$57.8 million to be directed to such programmes in the forthcoming fiscal year will represent an increase of more than \$15 million over and above such aid provided two years ago.

Mr. Speaker, for this next fiscal period, we shall be extending in this manner aid which totals more than one half of our current provincial revenue. By this means, local authorities will be able to continue to meet their responsibilities of development. It will go far in maintaining the financial health of municipalities, school units, and other local authorities.

To look at this in another way, in 1958, the latest year for which complete statistics are available, local tax levies totalled just over \$56 million. A preliminary estimate for 1959 indicated local levies of about \$59 million and for 1960 about \$62 million. If we consider the \$57.8 million in provincial aid planned

MANITOBA'S REVENUE UNDER  
DOMINION-PROVINCIAL FINANCIAL ARRANGEMENTS\*  
FISCAL YEARS 1957-58 to 1960-61

(Thousands of Dollars)

	1957-58	1958-59	Revised Estimate 1959-60	Preliminary Estimate 1960-61	Percentage Change 1960-61 over 1957-58
<b><u>STATUTORY AND TAX-SHARING REVENUE:</u></b>					
Statutory Subsidy	2,032	2,032	2,065	2,054	
Tax Rental	18,418	19,969	24,176	(40,161)	
Equalization	13,932	13,233	13,479	(50)	
50% Share of Income Tax on Power Utilities	<u>61</u>	<u>46</u>	<u>49</u>	<u>50</u>	
	<u>34,443</u>	<u>35,280</u>	<u>39,769</u>	<u>42,265</u>	<u>/ 22.7</u>
<b><u>COST-SHARING CONTRIBUTIONS:</u></b>					
Agriculture	32	95	523	120	
Health	2,179	2,165	1,931	1,929	
Hospital Services <sup>1</sup>	-	4,734	10,151	12,000	
Welfare	2,588	3,550	5,012	5,698	
Vocational Training, etc.	321	347	431	428	
Highways and Transportation	2,727	2,791	3,300	5,800	
Natural Resources	111	223	530	261	
Civil Defence	<u>24</u>	<u>61</u>	<u>112</u>	<u>170</u>	
	<u>7,982</u>	<u>13,966</u>	<u>21,990</u>	<u>26,406</u>	<u>/ 230.8</u>
<b><u>TOTAL RECEIVED FROM THE GOVERNMENT OF CANADA:</u></b>	<u>42,425</u>	<u>49,246</u>	<u>61,759</u>	<u>68,671</u>	<u>/ 61.9</u>

\* Not included in the tabulation are amounts paid to municipalities in lieu of taxes on Dominion property, and amounts paid as university grants.

<sup>1</sup> Shown for calendar year ending nearest March 31 of fiscal year indicated. The 1958 amount is for the six months in which the Manitoba Hospital Services Plan operated during that year.

for the coming year in this context, we can easily see that if it were not for this provincial assistance, taxes on local resources would have to have been practically doubled. This \$15 million increase in our assistance over the last two fiscal periods represents approximately  $2\frac{1}{2}$  times the estimated increase in local taxation in that time.

From this it is clearly evident that this Government is expanding aid to local development. It is obvious that we are giving essential support to the efforts of local governments. On their part, we would expect the same careful examination of their financial policies that we have given this provincial budget. With these factors given full weight, our basic policy to develop, in partnership with the local authorities the total provincial community, will continue to bear fruit.

#### FEDERAL-PROVINCIAL RELATIONS

The problems of inter-governmental relations in the past year have bulked large on the governmental scene. There has been some progress. Honourable Members will recall that, following the plenary Dominion-Provincial Fiscal Conference of November, 1957, it was expected the Conference would be re-convened early in 1958 to examine fully the requirements for improvement in the financial status of the provinces. This meeting did not materialize. It was not until mid-summer of 1959 that a Committee of Ministers of Finance and Provincial Treasurers met in Ottawa.

This Committee, by its very nature as it became clear, could not resolve the issues at stake. It did, however, look carefully at the existing problems and, in the following October, again met, to consider more fully the questions at issue. While little of a concrete nature was accomplished, there was some

progress toward technical improvement in the conditional grant zone and an assurance from Canada that the 13 per cent renewed rate for standard individual income tax would be continued until 1961-62.

I do not want to minimize the worth of such meetings, but they do not serve the purpose of a full conference of governments at which decisions on matters of vital policy may be reached. We have continued to urge upon the Government of Canada that such a conference should be held.

It is not practicable to report in detail discussions which took place. Nevertheless, I will point up a few of the highlights that reflect on the Province's position.

Manitoba's representatives concentrated their attention upon two major matters. Firstly, we stressed the urgent need of the provinces and, through them, the municipalities for a greater share of the taxation revenue available to governments in Canada. Secondly, we stressed the capital requirements of provincial and municipal governments.

As to the first, we have continued to press for a larger share of individual and corporation income taxes. As Honourable Members know, we are limited at the present time to 13 per cent of the 1956 level of the Dominion tax on individual incomes and to the equivalent of a tax of 9 per cent on corporation profits earned in the Province, plus about 50 per cent of the Estate Tax. On the basis of an increase of 2 per cent on the individual income rate and 6 per cent on corporation profits - a formula of 15-15-50 - there would be a gain in revenue of close to \$13 million a year in returns to the Province. This, as a minimum, we regard as being more in line with our provincial responsibilities.

Our claim for increased revenues from this source received short shrift at the hands of the Minister of Finance. He maintained that his own budgetary situation would not permit any further "concessions" to the provinces. This was

a position we could not in all logic accept. This stand suggests that a province's entitlement to a share of taxation revenue is based on whether or not Canada feels she can afford it. But the provinces are not mere residual partners in the Canadian Confederation. We cannot accept the implication that we must wait for some unstated level of Dominion revenue before we receive recognition of our just rights. To do so would be contrary to the whole principle and spirit of Confederation. I venture to suggest, it would be contrary to the interests of Canada itself.

We were unable to persuade the Minister of Finance to recommend to his colleagues any further changes in the level of tax-sharing. We have not given up hope for an improvement in 1961-62, but it likely will be 1962-63 before we can expect to secure a more realistic share of the taxation pool.

The second matter - the supply of capital - has been of grave concern to most provinces and municipalities of Canada. Elsewhere, I deal at more length with the difficulties and some of the possible solutions to the problem of capital procurement. I need only state here, that, at these meetings, Manitoba has pressed for some co-operative solution to the financing of economic and social growth.

May I quote from a recent issue of the Montreal Gazette: "... .. Over the years just ahead the costs of Canada's growth are going to fall (as they are already falling) most heavily upon regional and local governments. This is because growth is demanding many outlays for capital expenditures for traffic improvements, schools, hospitals, and other imperative construction. Such expenditures can scarcely be postponed if the growth is to take place. If the growth tried to take place without this improvement, the result will be chaos."

National growth, as well as provincial and local development, is bound up in this problem. Provinces willingly accept their full share of the responsibilities

and benefits of Confederation. But Federal economic and financial policies closely affect their financial capacities. The provinces require greater consideration than they have yet received.

We will be meeting this summer again with representatives of the Dominion Government to study those financial, economic and constitutional problems which face us in the Canadian Nation. It is our hope that, through these Conferences, a further advance may be made toward a full recognition of the provinces' place in governmental structure. In these negotiations we will - as in the past - hold to those basic principles which the fundamental interests of Manitoba demand.

One of the advances made in the 1955 and 1956 negotiations was the recognition of the principles of equalization and stabilization. It is true that there was a substantial element of fiscal need contained within the rental payments of the 1947 and 1952 tax agreements but it was not until The Federal-Provincial Tax-Sharing Arrangements Act of 1956 that these two principles received open statutory acceptance.

However, the actual implementation was somewhat less than satisfactory. The principles were applied in a much too limited range. Some further advances were made in 1957, not only in the improvement of the rate of standard individual income tax but in the extension of equalization. This was done through the medium of the Atlantic Provinces Adjustment Grants. Unfortunately, Canada was not prepared to accept the logic of its own conclusions. The payments were limited to the four eastern provinces and were not extended to any other that might, under like conditions, be able to qualify under the formula. We may, however, reasonably hope that the principle having once been accepted will in the next fiscal arrangement be carried to its logical and equitable conclusion.

The continued acceptance and extension of the joint principles of equalization and stabilization are basic principles on which any Manitoba case

must be founded. These are not concessions to this Province, either on the part of Canada or any other province. They are essential factors in maintaining the rightful status of the provinces in the Canadian economy. These principles remain paramount. It will be our objective to see that they are applied in a formula more effective than that existing at the present time.

There are many other areas of mutual interest in which we hope to make continued progress in our relations with Canada and other provinces. We look to improvement in the development and operation of conditional grants and shared-cost programmes. We anticipate further arrangements for the development of our natural resources in an orderly manner, in co-operation with Canada - something that is essential to the future growth of this country as a whole, and Manitoba in particular. We are also continuing our efforts to have that anomalous situation corrected whereby Canada imposes sales taxes on Provincial Crown Agencies but refuses to pay provincial taxes in like circumstances.

The progress that has been made in our financial relations with Canada in the last two years should, of course, be acknowledged. Our direct return has increased by 23 per cent - from \$34.4 million in the year ended March 31st, 1958, to an estimated \$42.3 million in the year ahead. Indirect assistance, through the medium of the various cost-sharing agreements, has grown even more - from \$8.0 million to over \$26 million in the same period.

The next year may be a decisive one in the long history of Dominion-Provincial relations. This Government will press Manitoba's case for a just and proper allocation of revenues and responsibilities, fully conscious of the fact that what is good for the provinces will likely be good for Canada as well.

FINANCIAL REVIEW

While serious problems in this connection have been notably absent in the first dozen post-war years, the provision of capital to finance development in Canada has always been of great importance.

This Government has never made any secret of the fact that a considerable capital investment would be necessary if Manitoba were to be able to assume her proper place in the Canadian economy. We have consistently maintained that inadequate capital investment in recent years has handicapped the growth of the Province. Now not only is the Province faced with the present-day needs of capital improvements, it is also faced with a formidable accumulation of unfilled capital needs, inherited from a period of governmental inactivity and stringency. With statesmanlike foresight these capital charges could have been met at very much lower costs. Parsimony is rarely true economy. When such parsimony operates to inhibit normal growth, it can become the very opposite of true economy.

PUBLIC DEBT

Much as we might wish to avoid contracting additional obligations, it must be obvious to any person willing to give the matter objective consideration, that needed capital additions and improvements cannot now be financed from revenue in view of the heavy and unavoidable current demands. As a result of these accumulated needs and the measures necessary to relieve them, together with the demands of recent economic development, our public debt has risen, as indicated by the following table:

	<u>March 31st, 1958</u>	<u>March 31st, 1959</u>	<u>December 31st, 1959</u>
Debentures	\$ 177,301,500	\$ 204,026,000	\$ 248,902,000
Treasury Bills	<u>40,695,842</u>	<u>53,000,820</u>	<u>57,019,202</u>
Gross Debt: -	\$ 217,997,342	\$ 257,026,820	\$ 305,921,202
Less: Gross Debt For Self-Sustaining Utilities	<u>167,785,270</u>	<u>196,505,238</u>	<u>203,729,947</u>
	\$ 50,212,072	\$ 60,521,582	\$ 102,191,255
Less: Sinking Funds and Other Funds held for General Debt Retirement	<u>20,528,593</u>	<u>12,297,232</u>	<u>9,245,564</u>
Net Debt: -	<u>\$ 29,683,479</u>	<u>\$ 48,224,350</u>	<u>\$ 92,945,691</u>

Debt, however, cannot be assessed merely in dollar terms. It must be weighed in relation to the ability of the economy to support it through the benefits flowing from its creation. An examination of the outstanding debt of the Province of Manitoba will show that the growth of the debt has been almost entirely connected with the creation of public assets. For example, at December 31st, 1959, outstanding gross debt was attributable as follows:

Public Utilities	-	\$203 million
Provincial Buildings	-	\$ 11 million
Roads and Bridges	-	\$ 70 million
Other Capital Works	-	\$ 1½ million

Only about \$20 million out of a gross debt totalling \$306 million could be said to be for non-asset creating purposes, largely unemployment relief - \$12 million (a debt of long standing), and debt discount expense - \$8 million. As to the cost of debt support, we realize how small this is in the light of our current

ability to bear these charges. Net interest and amortization of discount costs for the next fiscal year will only take about 2 per cent of revenue compared with a figure of about 24 per cent twenty years ago. This we can certainly afford to carry.

DEBT TRANSACTIONS

In the last calendar year, the following transactions relating to the public debt took place. All these were for productive purposes of capital betterment. To the extent that they have been related to self-supporting enterprises, they have not constituted a charge on the Consolidated Fund of the Province.

Summary of Debt Transactions

January 1st to December 31st, 1959

Debentures Issued	\$ 56,925,000	
Debentures Retired	<u>12,279,000</u>	
		\$ 44,646,000
Treasury Bills - net increase		<u>10,518,383</u>
NET INCREASE IN GROSS DEBT:		<u>\$ 55,164,383</u>

While we have funded our debt for periods related to the life of the asset for which the debts were incurred, where conditions made it desirable and where it seemed likely overall costs would be reduced, short term financing has been used.

Questions that inevitably must be answered when a borrowing programme is being considered are:

1. Is the proposed expenditure good in itself?
2. Can the Province afford it?
3. Will the return on the investment compensate for the costs involved?

In formulating our proposed capital programme for the coming fiscal year each item has been examined against the background of these criteria. The cost-benefit relationship has been a foremost consideration in all our judgements.

Our public utility requirements total \$45.3 million in the year, made up of \$29.3 million for the Hydro-Electric Board, \$8.0 million for the Telephone System, \$7.7 million for the Power Commission and \$275 thousand for the Manitoba Water Supply Board. These are an essential part of the rapidly evolving pattern of growth in this Province. They must be planned and undertaken well in advance of need for it is our firm intention that the development of Manitoba shall not be hindered or delayed by any deficiency in the public utility services. That they are self-supporting and thus fully within our financial ability is clearly shown by past experience.

For direct government capital we will require \$26.4 million. The principal item here is \$20 million for the continued development of the Manitoba highway system - a development no one would suggest we can afford to neglect. Important also are the expenditures on government buildings \$576,350; land projects \$300,000; natural resources and recreational projects \$477,400; soil erosion, water control, and drainage projects \$311,000; flood control for the Seine River, Red River, and Lake Manitoba \$3,000,000; and agricultural research \$1,700,000. Each one of these projects is essential in its own way to the economic well-being of this Province, and their costs are well within our financial capacity. Those who would disagree with this view should in their turn be prepared to say which of them they consider to be unessential, which of them they believe is incapable of compensating us for the costs involved.

Under the heading of, Grants, Loans, Advances or Guarantees, we are proposing that \$5.9 million be provided. Assistance to the University of Manitoba of \$4,225,250 and to Brandon College of \$240,000, is an essential contribution to

this Province's growth, culturally and economically. Similarly the assistance available to hospitals and homes for the aged \$1,470,000 makes a definite if indirect contribution to our continued development. That these expenditures are good in themselves, no one will likely question. That the Province can afford such expenditures or that it will be fully compensated for them in the long run, seems equally beyond argument.

Funds are also to be made available to The Manitoba Agricultural Credit Corporation and The Manitoba Development Fund. To the extent that funds are available, expenditures made by these bodies are to be charged on the War and Post-War Reserve and in the last analysis should be largely self-supporting. The authority here, which is for \$6 million in the case of the Agricultural Credit Corporation and \$4 million for the Development Fund, is necessary so that liquidation of securities held in the reserve fund may be avoided when circumstances are unfavourable.

The case for restraint in capital expenditure has been strongly made by the Minister of Finance and by the Governor of the Bank of Canada, and we would agree as to the validity of much that they have said. We have in the development of our 1960 programme given all possible weight to the factors they have stressed. However, it would be a good deal easier for us to accept their views if this Province were not faced with exploding demands for capital improvements, some of a present nature, but many the heritage of past indifference and parsimony. Perhaps it would be more practicable for us to reduce our borrowing for capital if Canada would see fit to provide the Province with a more realistic share of those important revenue fields which it now controls.

In the matter of restraint, one of the most difficult problems is the effective allocation of the limited capital funds available. Here again, failing artificial and arbitrary controls, which few would support in peace-time, the

competitive forces enter into full play, not necessarily to the greatest public interest in every case.

One sometimes hears the view expressed that under present conditions capital borrowing should be restricted as far as possible to those productive enterprises which can be considered self-supporting in the business or profit-making sense. While there is something to be said for this, it must not be oversimplified.

There is a serious difficulty in definition; for what is a productive and self-supporting enterprise? Must we assume that investment for growth can only be justified when it can be supported by a statement of profit and loss? Is it not true that the cost of not doing may well, in the long run, be heavier than the cost of doing? There is a true benefit to the economy, even if not measurable in dollar terms, in capital being put to work in the development of essential services necessary to growth such as roads, schools, universities, hospitals, power, water systems, and the like.

The question there is much more difficult to resolve. Who can say what the monetary cost is of not building a road, a school, or a hospital? Nevertheless, this factor is as real as any reflected in a profit and loss statement. We have, I think, had an object lesson in the past few years of the ultimate cost of "putting off 'til tomorrow".

It is in this field that the burden falls most heavily on provincial and local governments. A reasonable balance of all factors that will lead to the highest degree of development attainable must be our aim. This is our objective and in reaching for it the Province will not endanger her credit by borrowing one dollar more than she must. But neither will she stand hesitantly by, as has been done in other days, watching those of more realistic spirit forge ahead.

All the factors must be weighed, the direct and indirect benefits offset

against the costs. We have taken these into full consideration and have approved only those projects where the balance is clearly in the best interests of the Province.

GUARANTEED DEBT

In addition to the direct obligations of the Province, there are a number of guarantees outstanding on the obligations of certain bodies which have received government support. Foremost among these are those of The Manitoba Hydro-Electric Board, but substantial aid has also been extended to various municipalities, school units, the University, and the like. Some guarantees have covered interest only, but most have been for both principal and interest.

To the extent that these guarantees are necessary to provide reasonable marketability for subsidiary securities, the Government welcomes the opportunity to be of assistance.

The Province, in its best judgement, will continue to provide this support when it appears to be in the public interest to do so.

Statement of Guarantees Outstanding  
By Type of Borrower

	<u>March 31st, 1958</u>	<u>March 31st, 1959</u>	<u>December 31st, 1959</u>
Guaranteed as to Both Principal and Interest:			
Manitoba Hydro- Electric Board: -	\$ 59,750,000	\$ 71,750,000	\$ 90,150,000
Municipalities, Hospitals, and Others: -	<u>520,511</u>	<u>1,351,827</u>	<u>2,785,400</u>
	<u>\$ 60,270,511</u>	<u>\$ 73,101,827</u>	<u>\$ 92,935,400</u>
Guaranteed as to Interest Only:			
School Districts	\$ 3,026,876	\$ 2,761,714	\$ 3,787,536
Municipal	<u>1,568,373</u>	<u>2,863,100</u>	<u>3,219,453</u>
	<u>\$ 4,595,249</u>	<u>\$ 5,624,814</u>	<u>\$ 7,006,989</u>
	<u>\$ 64,865,760</u>	<u>\$ 78,726,641</u>	<u>\$ 99,942,389</u>

BORROWING POLICY

The credit position of any borrower is only partially governed by his own actions. Substantially, it is affected by the attitude of the investor and this, in turn, is a product of current economic conditions and the expectations of the future. The extent of these varying conditions is clearly illustrated by the bank rate which shortly after we first took office stood at 1.12 per cent and rose in August 1959 to a high of 6.41 per cent.

On the whole in recent years, governments have been used to an abundance of credit at what now seem rather low interest rates. Unfortunately, Manitoba failed to take reasonable advantage of these conditions when they existed.

The unfavourable course of the money market has had to be taken carefully into account in the formulation of provincial borrowing policies. The municipalities have faced an even more difficult problem. Not only have interest rates on local government borrowings been abnormally high, but in many cases, money has been extremely hard to get to meet the demands being made for essential local capital purposes.

In this Province, we have done much to ease the situation. In the past calendar year, the Government of Manitoba has guaranteed the interest of bonds of municipalities and school divisions to the principal amount of \$2,174,420 and has purchased guaranteed and non-guaranteed bonds which could not be sold within the support rate to the amount of \$6,859,253. The resources of the Province to meet these needs are, of course, limited and it is for this reason that we have continued our efforts to have the Dominion Government take some active remedial action either by the creation of some preferred tax position for such securities, or by the reactivation of The Municipal Improvements Assistance Act, or by some other method.

The municipalities are a vital factor in the development of our country. While restraint in capital demands must be exercised, there are distinct limits beyond which demands for schools, hospitals, roads, sewers, water systems, and the like cannot be postponed.

A further complicating factor in the money market has been the recent intense demand of the Federal Government for funds. Private corporations, too, have had heavy capital requirements. All these demands must be met out of the same money pool, and both these borrowers have advantages in their search for funds which provinces and municipalities do not enjoy. The Federal Government has a closer relationship to the monetary and financial structure of our economy through its fiscal agent, the Bank of Canada, and, as well, enjoys seniority and size. Private corporations, in their turn, are not only less concerned with the level of interest costs by reason of their ability to offset these under the high income tax structure, but also have the ability to offer attractive "package deals" involving stock options and other inducements.

The problem of attracting savings into investments in provincial and municipal securities has been given a good deal of attention in the past few months. Various possibilities present themselves, but in most cases these involve intergovernmental co-operation which has not been forthcoming.

For example, Manitoba has for some time been looking at a method commonly used in the United States, that of providing exemption from income tax for state and municipal securities. In the United States, this is a constitutional privilege, but in Canada, action could only be taken with Federal acquiescence. While there are certain obvious disadvantages, it would appear that the idea is worthy of a good deal more serious consideration than Canada has been willing to accord it up to the present time. Support for such an examination can be found in two quarters not associated with the espousal of radical financial causes.

In his annual address to the shareholders in January, 1958, Mr. James Muir, President of The Royal Bank of Canada, said, in part, in particular reference to such borrowings:

"One device that might be justified is the application of a lower rate of income tax on interest carried on these securities. With proper safeguards, this could provide an inducement to the freer purchase of these securities and ease the burden of financing for the small municipality.

"If the principles involved in this scheme were found by actual experience in this restricted field to be sound and constructive, a future study of its wide application might also prove worthwhile."

Again, at a conference of The Institute of Public Administration of Canada, in Toronto, last October, Mr. R. M. MacIntosh, Supervisor of Investments for The Bank of Nova Scotia, brought forward the same general idea.

It is not our view that such an exemption should be extended indiscriminately. It might, however, be well justified in the case of borrowings made for schools, universities, hospitals, sewer and water systems, roads and other forms of essential social capital.

Another possible approach that has occurred to us would be the extension of the "dividend credit", as provided in The Income Tax Act of Canada, to certain classes of provincial and municipal securities. We fully appreciate that in theory the "dividend credit" is a device to offset the burden of double taxation of income earned through corporate investment. Actually, I suspect its main purpose has been to encourage investment in Canadian equities. The burden of double taxation tends to be sharply reduced by the admitted ability of corporations to pass taxes on in their cost structure, even when imposed on a basis of profits. This has been the case under the market conditions that have existed in most of the post-war period.

What the effect of this equity preference has been is difficult to measure. It does seem reasonable to assume that it has had a real effect in channelling investment funds away from provincial, municipal, and other fixed income securities, and into Canadian corporate shares, common or preferred. If we accept, at least in some degree, that a basic purpose of the "dividend credit" has been to encourage investment in Canadian growth, surely we must accept that it is equally important to provide a like incentive for the investor in the growth that is produced through the medium of provincial and municipal investment.

I intend to urge again on the Minister of Finance the full study and consideration of both these ideas. Greater weight should be given to the provincial and municipal interests, when considering monetary and fiscal policies, both by Canada and by the central bank.

It has been the policy of this Province to sell its issues on the Canadian market by public tender, although on occasions arrangements have been made for private sale when this was considered advantageous.

Under normal market conditions, the tender system has much to recommend it, but it does not get the broad market coverage that is obtained through fiscal agency methods and which is so essential under present market conditions.

After a full study of this matter based on the best dis-interested advice available from well qualified sources, we came to the conclusion that it would be in our interests to appoint a group of dealers, who have shown continuing activity in Manitoba securities, as a Management Committee for the marketing of public obligations of the Province of Manitoba and its utilities in Canada. For this purpose we asked Wood, Gundy and Company, Limited, to organize and chair a committee to be made up of representatives of their own and the following syndicates: - Equitable Securities Canada, Limited - Burns Bros. & Denton, Limited; Royal Securities Corporation, Limited - James Richardson & Sons; and

Bell, Gouinlock & Company, Limited. The group was successfully formed last month. These firms will have associated with them most of the banks and leading dealers in government securities. The arrangement is effective for one year, subject to the right of cancellation on sixty days notice.

I think it is well to recall in this connection that this method of financing has been widely used by many governments in Canada and throughout the world. Canada operates through its fiscal agent, the Bank of Canada. All British Dominion and Colonial Governments borrow in London by negotiations rather than by competitive bidding. The International Bank for Reconstruction and Development now uses this method. Several Canadian provinces, including Ontario, Alberta, New Brunswick, Nova Scotia, and British Columbia, have used this method consistently or as occasion warranted. Several important Canadian cities operate in a similar way, including Ottawa, Toronto, Hamilton, Regina, and Saskatoon.

The duty of this Committee is to advise the Province on market conditions, and to make proposals for the timing of issues and their size. It will make recommendations as to term and rate of interest and all other pertinent conditions and undertake the marketing. The final decision, of course, always remains with the Province.

We believe that this system is the best under present circumstances, and this view is supported by the outstanding success of our first issue under it. On March 3rd, a public issue of \$15,000,000 in Manitoba securities was announced. Despite what had been a very slow market, the issue was an immediate success. The institutional participation was indeed unusually high - a clear sign of market acceptance.

U.S. FINANCING

As Honourable Members are aware, Manitoba last November closed a private placement in New York with the issuance of \$20 million of debentures payable in 25 years in United States funds. These debentures are callable after 15 years.

The Leader of the Opposition has been critical of this operation, although apparently it was quite in order for the Government of which he was a member to take similar steps in 1951, the last occasion on which Manitoba had borrowed in the United States. We believe, however, that we can still save money for the taxpayers of Manitoba by doing some of our necessary borrowing in the United States. This is the principle that must guide a Provincial Treasurer.

Before undertaking to raise funds in the United States, we considered alternative sources. It was our own view that the compensating advantages more than made up for the risks involved.

At the time the need for funds arose, it was evident that they would not be available in Canada except at extremely high rates of interest. In October, when the negotiations were undertaken, we were told that we would find difficulty in raising \$10 million in Canada even at an interest cost considerably in excess of that prevailing in New York. This was not a condition peculiar to Manitoba, but was a general one prevailing over the whole range of comparable securities.

The rate offered to us in New York was more favourable, and the volume was more in line with our needs. Even with the exchange factor to be weighed, this was a more acceptable prospect and as it turned out we were able to secure \$20 million in United States funds, at a yield to the investor of 5 3/8 per cent and at a cost to the Province of 5.41 per cent. It has been calculated that with the U.S. dollar at a discount of 5 per cent, with an interest differential of about 1 per cent such as now prevails, it could return to a premium of about 6 per cent - a swing of 11 points - without the Province being adversely affected, even though this differential continued throughout the whole life of the issue. Further, for every year the United States dollar remains at a discount the

exchange risk will be proportionately reduced and the advantage increased. Under these circumstances, a calculated risk was well worth taking.

We have endeavoured to develop a further protection against this uncontrollable factor of the exchange rate. While it is difficult to provide full coverage for liabilities incurred in a foreign currency, it is our intention to provide this to the greatest measure possible by the investment of the annual sinking fund instalment in Canadian securities payable in United States funds. It would seem likely that over the life of issues, we would be able to cover our position to the extent that any adverse exchange bias will be minimized.

It is an interesting commentary on the availability and cost of capital in Canada that in the past three years every Province of Canada, and many of the major cities, have borrowed on at least one occasion in the New York market. Even the Minister of Finance has combined his plea for restraint with an acknowledgement of the need for "a climate hospitable to investment from abroad".

REVENUE AND EXPENDITURE - FISCAL 1959.

The Main Estimates of Expenditure for the fiscal year ending March 31st, 1960, totalled \$84,601,442. Our revised estimate, which takes into account all anticipated expenditures to the closing of the books of the Province, is \$87,895,000.

Revenue was estimated at \$89,949,190, but it is now believed it will reach \$93,062,000.

Honourable Members will recall that for the current fiscal year, I estimated a surplus, based on Main Estimates, of \$5,347,748 on current account. Based on the revised figures for revenue and expenditure for the current year it would now appear that we will have a surplus of \$5,167,000. In accordance with our tax stabilization policy, this amount will be carried forward to the next fiscal period.

REVENUE AND EXPENDITURE - FISCAL 1960.

I am happy to be able to announce that without any increase in taxes and despite the heavily increased costs of education and public welfare, we are again

able to present a balanced budget. In fact, for fiscal 1960 we are estimating a surplus on revenue account of over \$3 million.

Mr. Speaker, the Estimates of Expenditure for the forthcoming year have been before the Legislature for some time and our estimates of anticipated revenue for the same period are now available to Honourable Members.

Manitobans continue in the fortunate position of living under one of the most moderate systems of provincial taxation in Canada. This is a desirable state of many attractions, but it does limit the level of service that we can provide. Before too long, we hope and believe that the economic development which we have encouraged, and particularly the development of our natural resources, will help substantially to improve our revenue position. To this end, the large capital investments we are now making on hydro-electric power, telephones, roads, and northern development, as well as in improved educational and social services will have contributed. Our situation should also be substantially improved when there is more realistic recognition of provincial needs by the Government of Canada.

#### REVENUE

For the next fiscal year we have budgeted for revenue on current account totalling \$98,395,000.

The principal increases over the previous year are -

- (i) Payments under the tax-sharing arrangements with Canada \$2,096,000;
- (ii) Liquor control \$2,350,000;
- (iii) Gasoline and Motive Fuel Tax \$860,000;
- (iv) Transfer of the previous year's tax stabilization revenue surplus \$1,426,000;
- (v) Canada-Manitoba Unemployment Assistance Agreement \$913,000; and
- (vi) Motor Carrier Licences \$249,000.

The only notable decrease that is anticipated is in Drivers' Licences, where, due to 1960-61 being an off-year for Drivers' Licences, collections should be down \$350,000.

I would like to refer briefly to the expected returns under The Federal-Provincial Tax-Sharing Arrangements Act. This is always a difficult estimate, as it depends not only upon the level of economic activity as reflected in corporation and individual income tax returns but also on the distribution of

this activity among the various provinces. For this reason, we have adopted what we think is a reasonably conservative policy in making this estimate. It is, in fact, based upon the amount which Canada has estimated will accrue to this Province in the coming year under present rates of standard taxes plus a small amount for our share of the profits tax on privately-owned utilities.

#### EXPENDITURE

Expenditure on current account in the year ahead is estimated at \$95,382,970.

Honourable Members have already had these estimates before them now for some little time, and have had full opportunity for their consideration. I do not think that any detailed comment is, therefore, necessary and I propose only to make reference to some of the more important changes.

The principal increase by departments are in Education \$6,590,632, a reflection of the higher grants and improved standards of the new system which was introduced last year; Health and Public Welfare \$2,575,233, largely a result of the new Welfare policy; Agriculture and Conservation \$263,990; Attorney-General \$342,582; Mines and Natural Resources \$145,761; Public Works \$164,487; and Public Debt \$2,683,246 following on the increased investment in capital assets and the higher rate of interest prevailing. Of this total, \$1,120,215 represents the higher costs of interest and \$1,563,031 is directly attributed to sinking fund and debt redemption costs which are being fully maintained at the required level.

Important reductions are to be noted in Legislation, Executive Council, Public Utilities and Labour.

The year has seen a continuation and expansion of the efforts of Treasury Board and the staff of the Treasury working under its direction to control governmental expenditure. These duties have not been exercised in a negative

way, and with the earnest co-operation of all operating departments in the strict analysis of all programmes it is our belief that continuing progress has been made toward the better application of public funds. Control of these expenditures is not a simple matter. Not only are there many different judgement values to be weighed, but there are many fixed and relatively uncontrollable items in a government budget. These tend to put definite limits on what can be accomplished by any form of administrative control. Substantial economies, however, have been realized in various areas of expenditure.

While some members opposite have criticized us for not doing enough, and some for doing too much, on balance the people of Manitoba will be better served than at any previous time in this Province's history. To this extent, the process of control will have served its intended purpose.

#### CAPITAL SUPPLY

Very careful consideration has been given to the capital requirements of the Province, both by the Departments directly concerned and by Treasury Board. The essential needs of the Province have had to be evaluated in relation to the continuing stringencies of the money market and the attendant high interest costs. Only where it would be more costly in broad economic terms not to proceed than to proceed, have capital authorizations been approved for submission to this Legislature.

Unlike ordinary expenditures, authorizations for capital items do not lapse at the end of the fiscal year. They are carried forward until exhausted, or until they are revoked by the Legislature. In view of this, it has been the custom in some provinces to authorize large borrowing powers for particular purposes which are sufficiently large to cover the requirements for a number of years. I mention this at this time because in one particular item in the Capital

Supply Estimates we are requesting authority for an amount to cover the needs of The Manitoba Hydro-Electric Board in the next five years in order that provision may be made for bringing the new Grand Rapids Development into operation, plus such other miscellaneous capital needs as may be anticipated. In this instance the amount requested will be \$150,000,000 - although expenditures in the coming year are not expected to exceed about \$30 million. We believe that once a continuing commitment of this nature has been made, it is desirable that adequate authority should be obtained.

The Capital Supply Estimates have been before the House and have been the subject of previous consideration. For this reason, I do not think it necessary for me to make further detailed reference to them here. The programme of capital expenditure which they reflect is admittedly a substantial one but there is no "fat" in it. In every respect, I repeat, it is necessary if we are to carry on the social and economic advances which are so essential to this Province's growth. Once the back-log of unfilled needs is taken care of, an expenditure on capital account of more modest proportion will be feasible.

#### CONCLUSION

Mr. Speaker, we have completed a year of solid progress. Manitoba is changing rapidly with respect to its economy, its organizational and administrative structure, and most important of all, in terms of the enthusiasm and spirit of its people. We are providing more essential financial support for continuing development of resources than has ever before been available in the Province. Every dollar is being spent and invested in a way carefully selected for the potential of its contribution to the total and cumulative development of Manitoba.

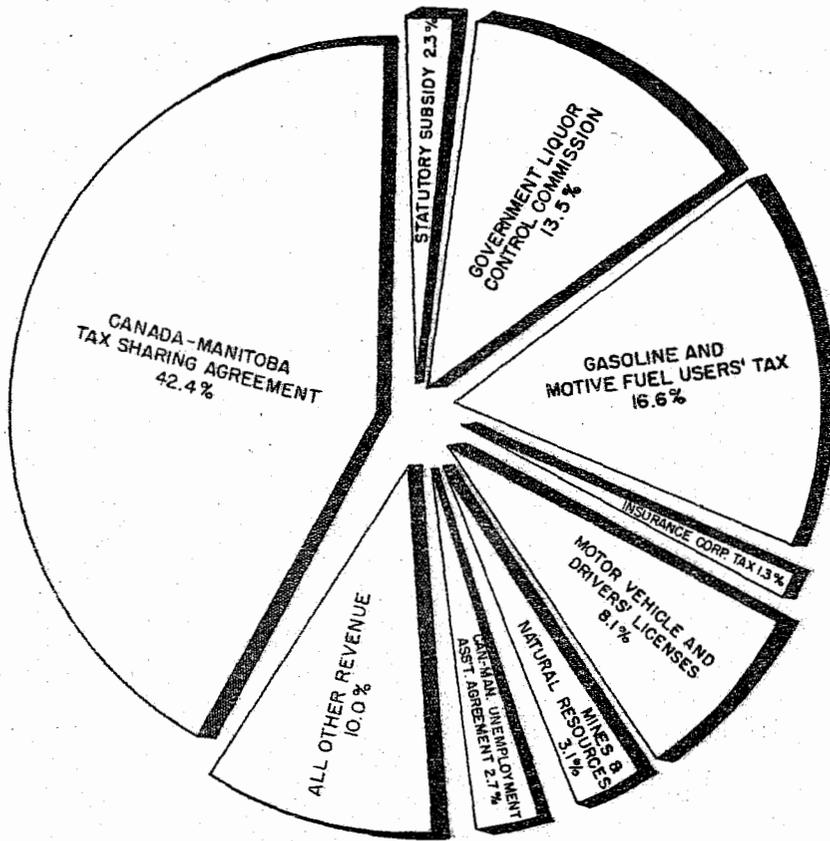
We have learned much, Mr. Speaker - and let there be no mistake; this Government is fully aware of the need to review various aspects of its programmes. It would be inefficiency of the grossest type to be unable to change administrative arrangements as circumstances indicate that changes should be made. But I wish to assure the Honourable Members most emphatically that our ultimate objectives remain as firm after 20 months as on the day when we assumed office. We will be satisfied with nothing less than the maximum development of all the potential strengths which this Province has in such abundance.

The theme of progress which was incorporated throughout the Budget last year has been continued and strengthened in the material and programmes placed before you for the coming year. Progress requires care. We have a responsibility to the people of our Province to assure the stability of their development. By failing to plan properly, we would be endangering not only the progress accomplished so far, but very possibly the future itself.

We have made the start on long-overdue progress, Mr. Speaker, and that was perhaps the hardest task of all. We came into office facing an abundance of need. We have striven to meet that need to the best of our ability. At the same time, we have been endeavouring to serve the future rather than the past. Our finances are planned in the fullest confidence that Manitobans will make the most of the potential of their Province. Today, we have even more confidence than ever before that by the co-operation of all the people of Manitoba we will achieve that potential in a future bright and fair.

Mr. Speaker, I do now move that this House resolve itself into Committee of Ways and Means to consider the revenue estimates for the support of Her Majesty's Government in Manitoba for the fiscal year 1960-61.

**PROVINCE OF MANITOBA**  
**ESTIMATED REVENUE**  
**1959-60**



REVENUE BY SOURCE  
- REVENUE ACCOUNT -  
1959-60 MAIN ESTIMATES

Source	Revenue	Percentage of Total Revenue
Canada-Manitoba Tax Agreement	\$ 38,115,000	42.4%
Statutory Subsidy	2,032,000	2.3
Government Liquor Control Commission	12,150,000	13.5
Gasoline and Motive Fuel Users' Tax	14,920,000	16.6
Tax on Insurance Corporations	1,125,000	1.3
Motor Vehicle and Drivers' Licenses	7,301,000	8.1
Mines and Natural Resources	2,820,390	3.1
Canada-Manitoba Unemployment Assistance Agreement	2,439,000	2.7
All Other	9,046,800	10.0
<b>TOTAL</b>	<b>\$ 89,949,190</b>	<b>100.0%</b>

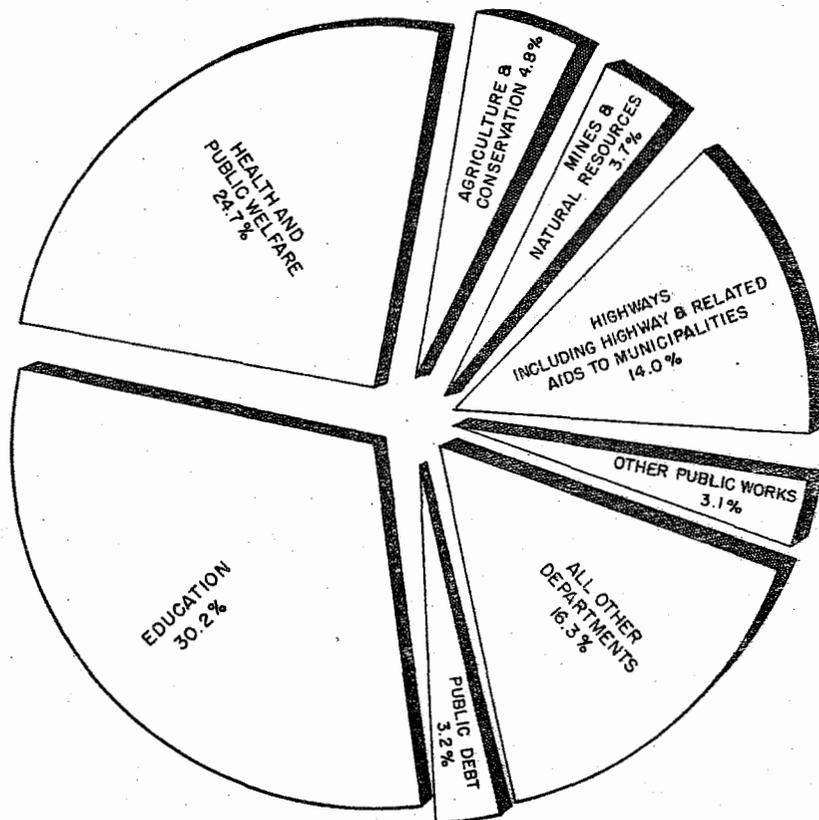
Source: Treasury Department.

# PROVINCE OF MANITOBA

## ESTIMATED EXPENDITURE

— REVENUE ACCOUNT —

1959-60

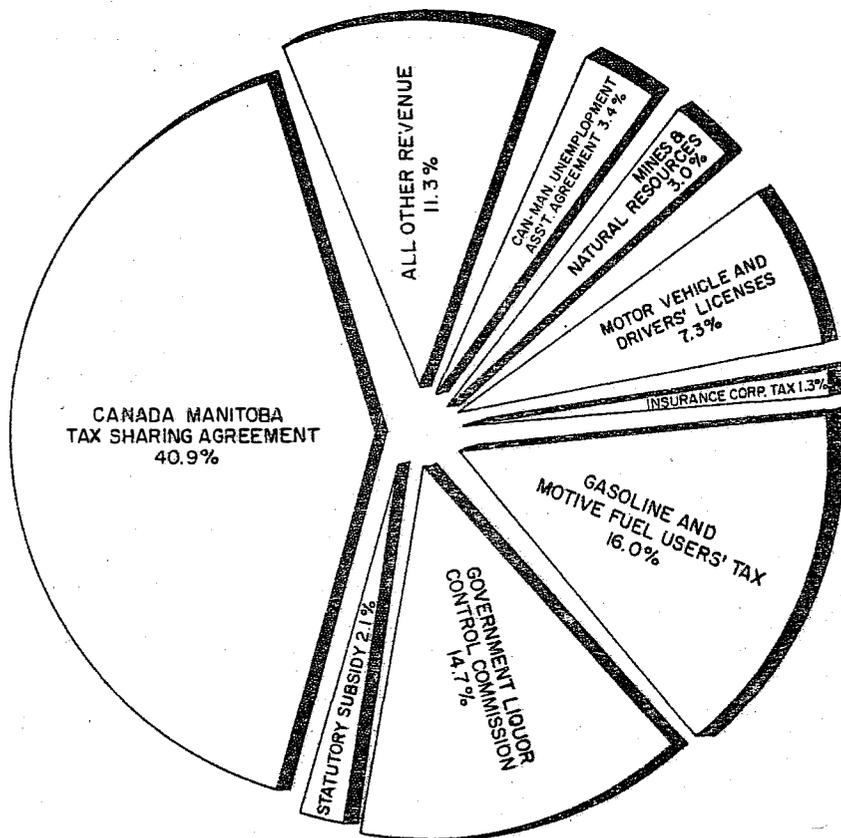


EXPENDITURE BY DEPARTMENT  
- REVENUE ACCOUNT -  
1959-60 MAIN ESTIMATES

Department	Expenditure	Percentage of Total Expenditure
Education	\$ 25,560,530	30.2%
Health and Public Welfare	20,923,382	24.7
Agriculture and Conservation	4,021,780	4.8
Mines and Natural Resources	3,171,119	3.7
Highways (including Highway and Related Aids to Municipalities)	11,826,990	14.0
Other Public Works	2,655,880	3.1
All Other Departments	13,776,816	16.3
Public Debt	2,664,945	3.2
<b>TOTAL</b>	<b>\$ 84,601,442</b>	<b>100.0%</b>

Source: Treasury Department.

**PROVINCE OF MANITOBA**  
**ESTIMATED REVENUE**  
**1960-61**

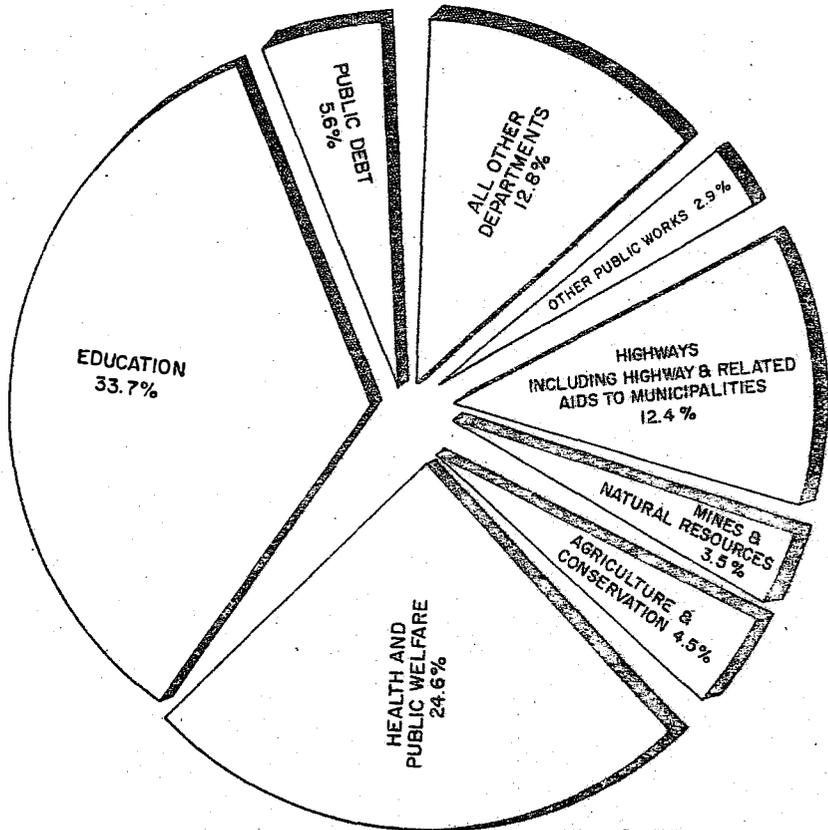


REVENUE BY SOURCE  
- REVENUE ACCOUNT -  
1960-61 MAIN ESTIMATES

Source	Revenue	Percentage of Total Revenue
Canada-Manitoba Tax Agreement	\$ 40,211,000	40.9 %
Statutory Subsidy	2,054,000	2.1
Government Liquor Control Commission	14,505,000	14.7
Gasoline and Motive Fuel Users' Tax	15,780,000	16.0
Tax on Insurance Corporations	1,300,000	1.3
Motor Vehicle and Drivers' Licenses	7,200,000	7.3
Mines and Natural Resources	2,908,000	3.0
Canada-Manitoba Unemployment Assistance Agreement	3,352,000	3.4
All Other	<u>11,085,000</u>	<u>11.3</u>
<b>TOTAL</b>	<b>\$ 98,395,000</b>	<b>100.0 %</b>

Source: Treasury Department.

**PROVINCE OF MANITOBA**  
**ESTIMATED EXPENDITURE**  
 - REVENUE ACCOUNT -  
 1960-61



**EXPENDITURE BY DEPARTMENT**  
 - REVENUE ACCOUNT -  
 1960-61 MAIN ESTIMATES

Department	Expenditure	Percentage of Total Expenditure
Education	\$ 32,151,162.00	33.7%
Health and Public Welfare	23,498,615.00	24.6
Agriculture and Conservation	4,285,770.00	4.5
Mines and Natural Resources	3,316,880.00	3.5
Highways (including Highway and Related Aids to Municipalities)	11,809,985.00	12.4
Other Public Works	2,781,507.00	2.9
All Other Departments	12,190,860.00	12.8
Public Debt	5,348,191.00	5.6
<b>TOTAL</b>	<b>\$ 95,382,970.00</b>	<b>100.0%</b>

Source: Treasury Department.

REVENUE AND EXPENDITURE  
 - Revenue Account -  
 1901-1960

Year	Revenue	Expenditure
	\$	\$
1901 (Fiscal Year Ending December 31, 1901)	1,008,653	988,251
1911 (Fiscal Year Ending December 31, 1911)	4,454,190	4,002,826
1921 (Fiscal Year Ending November 30, 1921)	9,800,861	10,401,895
1931 (Fiscal Year Ending April 30, 1932)	14,631,341	14,631,341
1941 (Fiscal Year Ending April 30, 1942)	19,920,813	18,151,988
1951 (Fiscal Year Ending March 31, 1952)	48,535,695	42,394,917*
1957 (Fiscal Year Ending March 31, 1958)	80,123,615	80,119,247
1958 (Fiscal Year Ending March 31, 1959)	85,356,800	81,615,122
1959 (Fiscal Year Ending March 31, 1960)	89,949,190	84,601,442 <sup>1</sup>
1960 (Fiscal Year Ending March 31, 1961)	98,395,000	95,382,970 <sup>1</sup>

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

<sup>1</sup> Main Estimates.

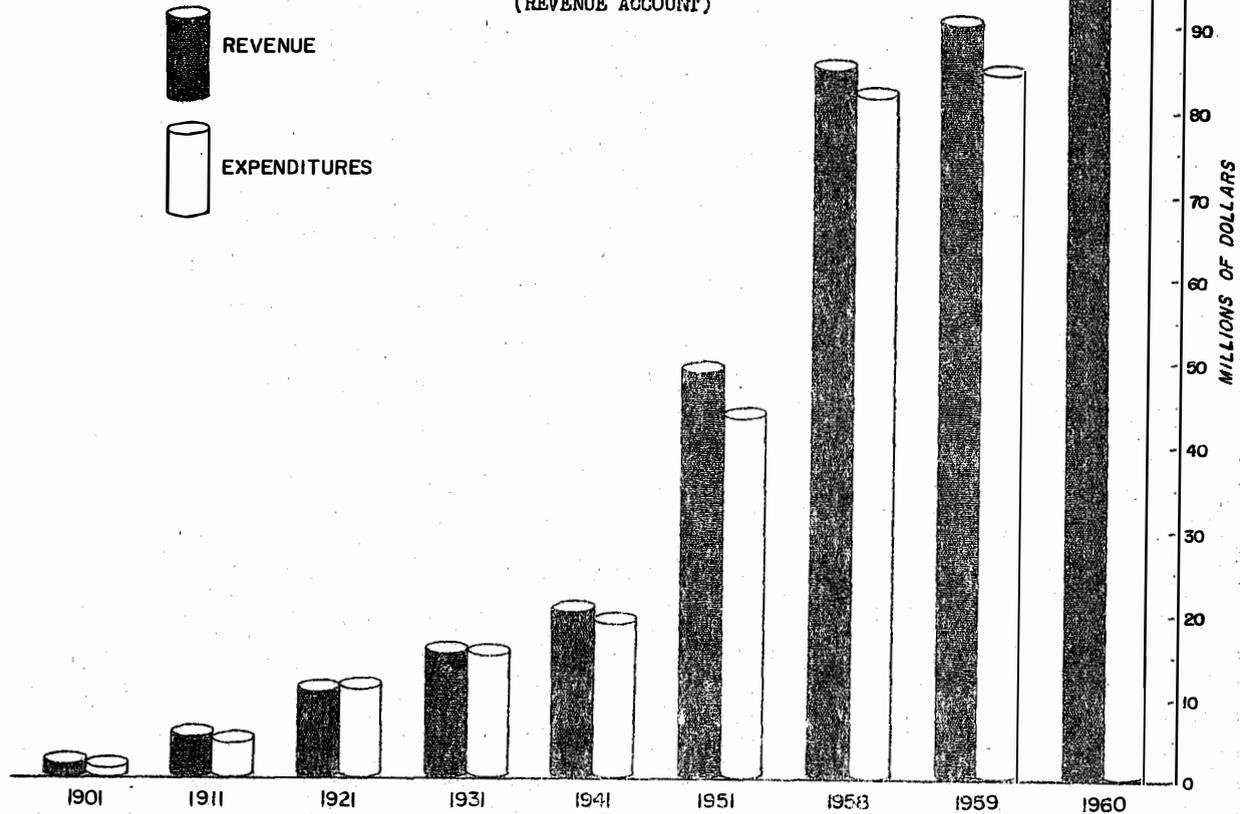
Source: Treasury Department.

# PROVINCE OF MANITOBA

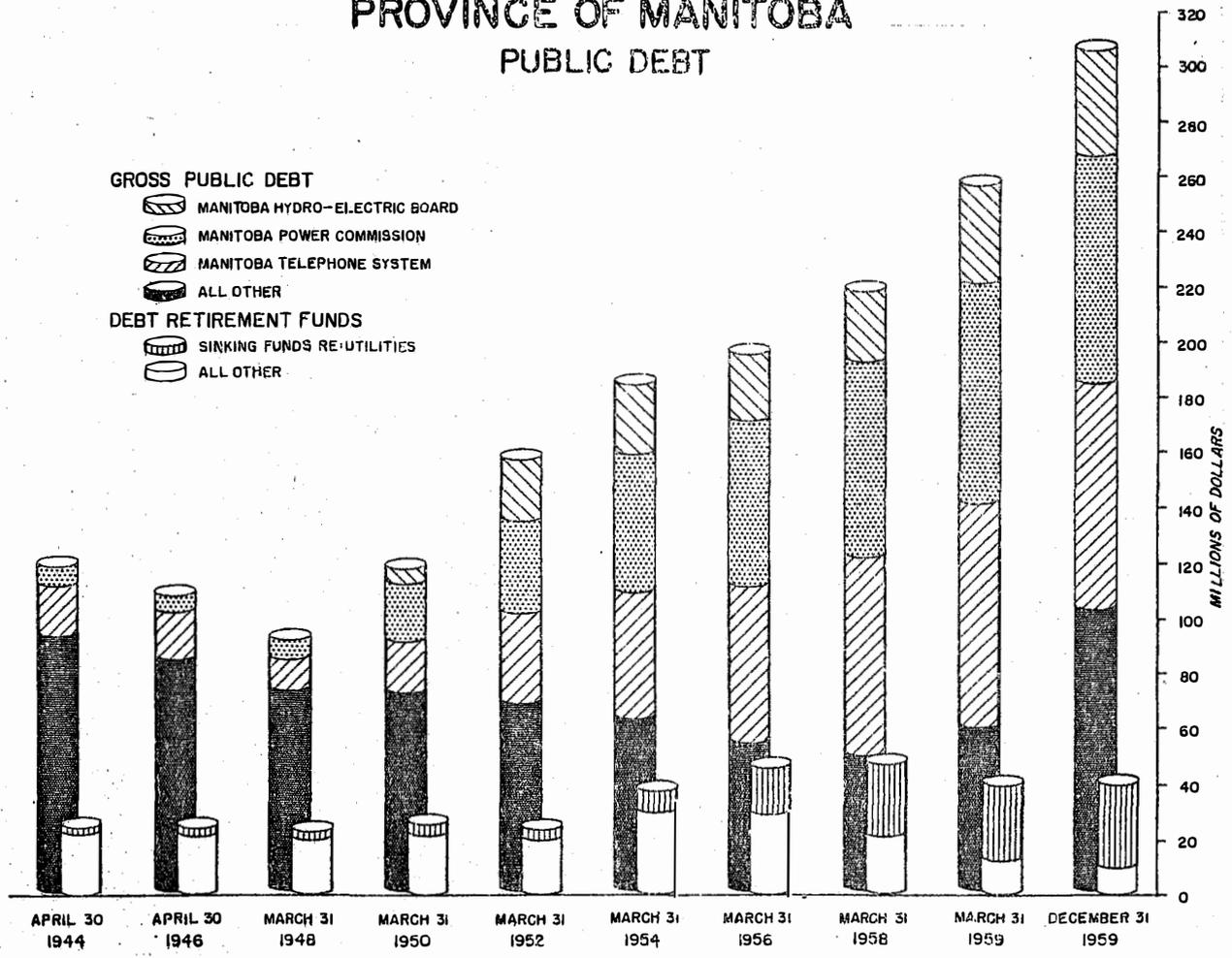
## REVENUE AND EXPENDITURE

FISCAL YEARS\*

(REVENUE ACCOUNT)



# PROVINCE OF MANITOBA PUBLIC DEBT



PUBLIC DEBT  
SHOWING MAKE-UP OF GROSS DEBT AND DEBT RETIREMENT FUNDS  
(Thousands of Dollars)

AS AT -	GROSS DEBT					DEBT RETIREMENT FUNDS		
	Manitoba Telephone System	Manitoba Power Commission	Manitoba Hydro-Electric Board	All Other	Total	Sinking Funds Re: Utilities	All Other	Total
April 30, 1944	17,690	7,280	-	94,042	119,012	2,717	22,488	25,205
April 30, 1946	17,047	6,646	-	85,200	108,893	3,030	21,053	24,083
March 31, 1948	11,209	7,287	-	73,905	92,401	3,417	19,250	22,667
March 31, 1950	18,867	20,493	5,250	72,974	117,584	4,146	21,403	25,549
March 31, 1952	32,507	33,474	22,675	69,734	158,390	4,001	19,432	23,433
March 31, 1954	45,954	49,900	25,875	63,914	185,643	8,921	29,520	38,441
March 31, 1956	56,740	60,251	24,760	55,078	196,829	17,152	28,954	46,106
March 31, 1958	71,495	70,531	25,760	50,212	217,998	26,422	20,529	46,951
March 31, 1959	80,995	79,751	35,760	60,522	257,028	27,454	12,297	39,751
December 31, 1959	82,095	83,275	38,360	102,191	305,921	30,214	9,246	39,460

Source: Treasury Department.

PUBLIC DEBT TRANSACTIONS  
CALENDAR YEAR 1959.

A. DEBENTURE TRANSACTIONS

Debenture Series	Term	Date of Issue	Date of Maturity	Where Payable	Coupon Rate %	Par Value \$	Totals
<b>Debentures Issued:</b>							
7D	12 years	Apr. 1, 1959	Apr. 1, 1971	Canada	3.75	13,900,000	
7E	1½ years	Apr. 1, 1959	Oct. 1, 1960	"	2.75	2,500,000	
7G	5 years	July 9, 1959	July 9, 1964	"	2.00	1,900,000	
7J	2 years	Aug. 3, 1959	Aug. 3, 1961	"	2.00	4,025,000	
7K	2 years	Aug. 3, 1959	Aug. 3, 1961	"	2.00	400,000	
7H	11 months	Aug. 11, 1959	July 11, 1960	"	2.00	2,000,000	
7L	11 months	Aug. 11, 1959	July 11, 1960	"	2.00	1,000,000	
7M	25 years	Nov. 15, 1959	Nov. 15, 1984	N.Y.	5.25	20,000,000	
7N	1 year	Nov. 9, 1959	Nov. 8, 1960	Canada	2.00	1,200,000	
7P	20 years	Dec. 1, 1959	Dec. 1, 1979	"	6.00	10,000,000	\$56,925,000
<b>Less Retirements:</b>							
4D	30 years	Dec. 2, 1929	Dec. 2, 1959	Can.N.Y. Ldn.	5.00	3,482,000	
5T	1-10 years	Oct. 1, 1949	Oct. 1, 1959	Canada	2.75	250,000	
5V	1-10 years	Feb. 15, 1950	Feb. 15, 1959	"	2.75	230,000	
5X	1-10 years	Sept. 15, 1950	Sept. 15, 1959	"	2.75	300,000	
6S	11 months	July 30, 1958	July 2, 1959	"	3.00	1,000,000	
6T	1 year	July 30, 1958	July 30, 1959	"	2.00	1,850,000	
6U	11 months	Aug. 6, 1958	July 2, 1959	"	2.00	910,000	
6X	1 year	Aug. 11, 1958	Aug. 11, 1959	"	2.00	1,000,000	
6V	1 year	Sept. 2, 1958	Sept. 8, 1959	"	3.00	1,000,000	
7A	10½ months	Aug. 15, 1958	July 2, 1959	"	1.50	2,000,000	
						12,022,000	
Drainage Districts	30 years	Aug. 1, 1929	Aug. 1, 1959	Canada	5.00	257,000	12,279,000
<b>NET INCREASE - DEBENTURES:</b>							<u>\$44,646,000</u>

B. TREASURY BILLS

Issued (exclusive of renewals) in 1959 -	\$ 55,464,195		
Less: Funded during 1959 by provincial direct and guaranteed debenture issues -	<u>33,160,000</u>		
	\$ 22,304,195		
Issued prior to January 1, 1959, and (a) retired during 1959 -	\$ 1,385,812		
(b) funded during 1959 by provincial direct and Hydro Board debenture issues -	<u>10,400,000</u>	<u>11,785,812</u>	<u>10,518,383</u>
<b>NET INCREASE IN PUBLIC DEBT:</b>			<u>\$ 55,164,383</u>