

THE LEGISLATIVE ASSEMBLY OF MANITOBA
2:30 o'clock, Thursday, March 4th, 1965.

Opening Prayer by Madam Speaker.

MADAM SPEAKER: Presenting Petitions

Reading and Receiving Petitions

Presenting Reports by Standing and Special Committees

Notices of Motion

Introduction of Bills

HON. J. B. CARROLL (Minister of Welfare)(The Pas) Madam Speaker, in the absence of the Minister ...

HON. GEORGE HUTTON (Minister of Agriculture) (Rockwood-Iberville): Madam Speaker, I beg to move ...

HON. GURNEY EVANS (Minister of Industry & Commerce) (Fort Rouge): Madam Speaker, on a point of order, I might draw the attention of the House to the fact that the bell did in fact stop ringing some two minutes before 2:30, and if that matter were adjusted I think it might help the Honourable Minister to be here on time, and as perhaps this has allowed him now to read the paper he may be able to proceed with the item.

MR. M. N. HRYHORCZUK, Q. C. (Selkirk): If the Honourable Minister had noticed, the Honourable Minister of Agriculture walked in at 2:31, not 2:30.

MADAM SPEAKER: The Honourable Minister of Agriculture and Conservation.

MR. HUTTON: Madam Speaker, I beg to move, seconded by the Honourable the Minister of Health that Madam Speaker do now leave the Chair and the House resolve itself into a Committee of the Whole to consider the following ...

MR. GILDAS MOLGAT (Leader of the Opposition) (Ste. Rose): Madam Speaker, perhaps the government want to retire for the day and come back tomorrow when they're ready with things.

MR. HUTTON: Madam Speaker, I beg to move, seconded by the Honourable the Minister of Welfare, that leave be given to introduce Bill No. 22 -- I don't think all my prompters are any more correct than I am -- an Act to amend The Rivers and Streams Act, and that the same be now received and read a first time.

Madam Speaker, I beg to move, seconded by the Honourable the Minister of Health, that Madam Speaker do now leave the Chair and the House resolve itself into a Committee of the Whole to consider the following proposed resolutions standing in my name and in the name of the Honourable the Minister of Health.

MADAM SPEAKER presented the motion and after a voice vote declared the motion carried and the House resolved itself into a Committee of the Whole with the Honourable Member for Winnipeg Centre in the Chair.

COMMITTEE OF THE WHOLE HOUSE

MR. HUTTON: Mr. Chairman, His Honour the Administrator of the Government of the Province of Manitoba having been informed of the subject matter of the proposed resolutions recommends them to this House.

MR. CHAIRMAN: The first resolution for consideration by the Committee is: Resolved that it is expedient to bring in a measure to amend The Department of Agriculture and Conservation Act by providing, among other matters, for the payment from and out of the Consolidated Fund, of grants to municipalities as compensation for serious loss of tax revenue due to the acquisition of land for the purposes of water control works.

MR. HUTTON: Mr. Chairman, this subject has been debated in the House before as I recall, and after due deliberation and consultation with the municipalities that are concerned, we have proposed to the municipalities a formula for the recognition of undue loss of revenue, and this legislation will provide the authority for the Department of Agriculture to make these grants.

MR. MOLGAT: Mr. Chairman, I wonder if the Minister could indicate the basis on which this is going to be done. Is there going to be a set basis for all municipalities, so much per acre; or is it going to be based on the assessment; or what will be the structure exactly of the grants.

MR. HUTTON: Mr. Chairman, I would be happy to outline this at second reading.

MR. RUSSELL PAULLEY (Leader of the New Democratic Party) (Radisson): Mr. Chairman

(MR. PAULLEY cont'd) . . . I am very interested in this problem because I think, even though I am a modest type of individual, this matter was first raised by myself in conjunction also with my colleague from Brokenhead in connection with the floodway and other properties. Now I note, Mr. Chairman, and this will be revealed I presume in the legislation which will be forthcoming and I appreciate that at this stage we're not to debate the contents or the presumptions under which this resolution is before this committee, but I note however, Mr. Chairman, in the resolution itself, it deals with the grants to municipalities as compensation for serious loss. Would I be correct in presuming that this also included school boards, because as I understand it the term "municipalities" refer to direct municipal expenditures and budgeting whereas the school boards have to present their budgets to the municipality. I do know of a number of school district themselves who are adversely affected through the floodway cutting in half their original district and the likes of that, and I wonder if the Minister could give me the assurance that this will apply, albeit that the word municipality is used, to school districts who may be adversely affected as well.

MR. HUTTON: Mr. Chairman, I would like to tell the Honourable the Leader of the NDP that he often gives me good advice and he gave me some good advice the other night. He said do what you think is right. If I had done what I thought was right I wouldn't have got into that fuffle when I came in here because I thought I heard somebody say "committee". I'd rather not talk about the detail of the bill at this time, but I can assure the honourable member that provision is made to see that the school districts get their proportion of the monies that is due to them.

MR. DOUGLAS L. CAMPBELL (Lakeside): Mr. Chairman, I have a question to ask the Honourable Minister that I think is not detail, in fact I think it's a very important part of the resolution. I notice that what appears to me to be the key word in the resolution is "serious" and the resolution says "it is expedient to bring in a measure," etc. "of grants to municipalities as compensation for serious loss of tax revenue." In his original statement, the Minister used the word "undue" loss.

Well now I'd like a definition of both "serious" and "undue", and I would like to know as well who is to be the judge of what is serious and what is undue, because opinions might differ on these matters. I know a case in my own constituency -- it may not be well known to the House, but there is a property up there called the Bain Estate -- and if this floodway goes through that Bain Estate at the location that's suggested at the present time and of the dimensions that are suggested, the loss to the Rural Municipality of Portage la Prairie in taxes would be in my opinion serious. It would be an undue hardship on the municipality, but whether it would be in the Minister's or not is another question. Who's going to define serious and undue?

MR. HUTTON: Mr. Chairman, this is a point that I think will -- I don't think, I know will receive a good deal of attention by the House. If the members would agree, I think it is something that could be postponed until second reading -- this, and the means of allocating -- the machinery to be used for allocating these funds to the municipalities who are to share in it. I would expect to answer the Honourable Member's question as to who is to determine and I suppose in the last analysis the government is going to determine it. But we have done so after meetings with the municipalities concerned. I make no bones about it, they are not all happy and I would expect that the Honourable Member for Lakeside will be championing the side of those who are not happy, and that is fine. We'll deal with that at second reading and I'm sure that we will arrive at some kind of consensus of opinion.

MR. CAMPBELL: Well if my honourable friend assures me that at the second reading time that we are going to have definitions that will be quite clear so that this is not just left to individual opinion to decide what serious loss is, then perhaps we'd better give him authority to introduce the Bill and we'll hear further from this matter in due course.

MR. CHAIRMAN: The next resolution for consideration by the Committee is: Resolved that it is expedient to bring in a measure respecting the care and treatment of mentally disordered persons and the custody and control of their estates and providing, among other matters, that the cost of administering the Act be paid from and out of the Consolidated Fund.

HON. CHARLES H. WITNEY (Minister of Health) (Flin Flon): Mr. Chairman, the legislation referred to in the resolution is legislation which will bring about consolidation and the revision of the three Acts that we have on the statutes now dealing with mental illness and mental retardation. Those Acts are The Mental Diseases Act, The Mental Health Act and The Lunacy Act, and in the Act of course it will call for the setting up of the staff and the administration expenses.

MR. HRYHORCZUK: Mr. Chairman, does this mean that that portion of those responsibilities that are under the Attorney-General's Department will now be under the Department of Health, and that all the responsibilities will be taken over by his department?

MR. MORRIS A. GRAY (Inkster): Mr. Chairman, my question is why should that not be included in the estimates of that department?

MR. PAULLEY: Mr. Chairman, on the same point as the Member for Ethelbert Plains I note that there are provisions in the estimates under the Attorney-General's Department for an expenditure of some \$107,000 estimated for the ensuing year. I too would want to know whether or not this will be in addition to that. But I think possibly more important to that if it doesn't, because I can see that the present legislation under the Attorney-General's Department deals generally with those who are adults and incompetent because of mental incompetency to deal with their estates or those that are adjudged to be mentally incompetent, and I think this is the basic reason that it's under the Attorney-General's Department at the present time. But the resolution which is now being presented by the Minister of Health refers to measures respecting the care and treatment of mentally disordered persons in custody and control of their estates. Does this extend the control by a government agency insofar as estates are concerned to those who may be under the age of 21, which I presume at the present time are under the jurisdiction of the Attorney-General.

MR. WITNEY: Mr. Chairman, the Act which really deals with the estates of the mentally incompetent is The Lunacy Act at the present time. That has been incorporated in this one bit of legislation but it will still be administered by the Attorney-General, that portion of the Act. The question that the Honourable Member for Inkster asked, the amount of money will be included in the estimates at the present time during this session. Your question with respect to the \$170,000, that is the normal amount of money that is utilized by the Attorney-General for the administration of this section of the Act. As for the age limit, I would stand to be corrected perhaps when we see the bill, but if I recall correctly it is not just for adults it is for younger ages too.

MR. PAULLEY: I may be correct in presuming then that irrespective of whether a mentally retarded individual is under the age of 20 and may be under control of his guardians or parents, the purpose of this would be that the government would undertake guardianship insofar as estates are concerned. Will that be correct or shall I await the bill?

MR. WITNEY: Mr. Chairman, the government will not take any further control of estates than it is taking at the present time. In other words, it will only take control where no one else is available to do so.

MR. CHAIRMAN: Committee rise and report. Call in the Speaker. Madam Speaker, the Committee of the Whole has adopted certain resolutions and has asked me to report the same.

MR. JAMES COWAN, Q. C. (Winnipeg Centre): Madam Speaker, I move, seconded by the Honourable Member for St. Vital, that the report of the committee be received.

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

IN SESSION

MR. HUTTON introduced Bill No. 56, an Act to amend The Department of Agriculture and Conservation Act.

MR. WITNEY introduced Bill No. 43, an Act respecting the Care and Treatment of Mentally Disordered Persons and the Custody and Control of Their Estates.

MADAM SPEAKER: Before the Orders of the Day, I would like to attract your attention to the Speaker's Gallery where there are some 20 Junior League of Winnipeg under the direction of Mrs. McRae. On behalf of all members of this Legislative Assembly, we welcome you.

MR. GRAY: Madam Speaker, before the Orders of the Day, I would like to correct one word which appeared in the Hansard on Page 214, when I said "Many of the world's figures of the male sex", I intend to have said the "female sex". Whether it is my fault or the Hansard's fault, I would like to have it correct.

HON. DUFF ROBLIN (Premier) (Wolseley): Madam Speaker, before the Orders of the Day, I'd like to table copies of the statement that I made at the Ministers of Finance and Provincial Treasurers in Ottawa on December 17th last, together with the newspaper extract that I read yesterday in my address to the House

MR. JOHN P. TANCHAK (Emerson): Madam Speaker, before the Orders of the Day, I beg leave to move, seconded by the Honourable Member from Burrows, that the House do now adjourn for the purpose of discussing a definite matter of urgent public importance, namely, the failure of the Department of Labour of the Province of Manitoba to give the people of this

(MR. TANCHAK cont'd) . . . province protection in matters affecting life, limb and property, by the Department's negligence in carrying out proper inspections of natural gas installations in certain Manitoba communities such as Dominion City, thereby causing mental anguish now aggravated by the news of the La Salle tragedy. Madam Speaker, immediate action is essential. I did not have the opportunity to bring this to the attention of the House because I received word of this in the dying minutes of Wednesday afternoon's session, therefore I had no opportunity as the Premier was speaking at the time. This is the first opportunity.

MR. ROBLIN: . . . Madam Speaker, it is in order to comment on the resolution at the moment. I might observe, Madam Speaker, that we shall be moving to Committee of Supply later on this afternoon and it would be quite in order for the honourable member to raise it as a grievance on the motion to go into Committee of Supply, and that would provide him an opportunity to debate the matter.

MR. TANCHAK: Madam Speaker, I consider this very urgent because I am receiving telephone calls continuously and I have no idea when the Committee of Supply will sit and there may be some interference. I consider it urgent enough to consider immediately.

MR. MOLGAT: Madam Speaker, before you make your ruling, possibly I would like to add my words to the urgency of the matter that is before us. All of Canada was shocked by the tragedy that occurred in the City of La Salle earlier this week. This is a matter that I think can not be overlooked in the remainder of the country. Here is a situation where apparently natural gas installations have been made in certain towns of this province, the inspections have not been carried out by the government department involved, but the facilities are being used. The gas has been turned on, the householders and businesses are making use of that facility at the moment. The schools are being heated by natural gas right now; the inspections have not been carried on. This is most urgent. It can not be allowed to continue for even an hour.

MADAM SPEAKER: I believe that I must state, in my opinion, that there will be opportunity during the course of debate this afternoon to discuss this matter.

MR. MOLGAT: Madam Speaker, it is with regret that I must challenge your ruling. This matter is extremely urgent and to have simply the word of the First Minister that it can be discussed later is not satisfactory.

MR. SPEAKER: Call in the members.

MR. E. R. SCHREYER (Brokenhead): Madam Speaker, on a point of information at this stage, my point of information being where is La Salle and what has this got to do with us? . . . and the second point being, is it possible that natural gas could be turned on without government inspection?

MR. HRYHORCZUK: Madam Speaker, if I may answer that question since the Honourable Member is seeking information, La Salle is in Quebec but Dominion City is in the Province of Manitoba, and the churches and the schools are all using this gas. There has been no inspection made -- (interjections) -- and it is possible it's being done.

MADAM SPEAKER: The question before the House is shall the ruling of the Chair be sustained.

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

YEAS: Messrs. Alexander, Baizley, Beard, Bilton, Bjornson, Carroll, Cherniack, Cowan, Evans, Gray, Groves, Hamilton, Harris, Hutton, Jeannotte, Johnson, Klym, Lissaman, Lyon, McDonald, McGregor, McLean, Martin, Mills, Moeller, Paulley, Peters, Roblin, Schreyer, Seaborn, Shewman, Smellie, Stanes, Steinkopf, Strickland, Weir, Witney, Wright, and Mrs. Morrison.

NAYS: Messrs. Barkman, Campbell, Desjardins, Froese, Guttormson, Hillhouse, Hryhorczuk, Johnston, Molgat, Patrick, Shoemaker, Smerchanski, Tanchak and Vielfaure.

MR. CLERK: Yeas, 39; Nays, 14.

MADAM SPEAKER: I declare the motion carried.

MR. EVANS: Madam Speaker, if I have your leave, I would like to make an announcement concerning freight rates to and from the Port of Churchill, an announcement I think of potential importance to the Province of Manitoba and of the prairie region in general, and of very considerable importance to the communities on the Hudson's Bay line and to the Port of Churchill itself. There have been pretty nearly continuous consultations between the Government of Manitoba and the two railways, in two parts as it were, the first being fairly regular conferences almost annual between myself and my senior officials and the senior officials of the two railways in Montreal, and also between committees that have been set up here in Winnipeg between the senior officials of the department and the local freight rate officials.

(MR. EVANS cont'd)

Some results have been achieved, I think some important results, which I can perhaps describe better on my estimates or some other time, but on the present occasion I would like to read a letter from the Canadian National Railways, the Prairie Region, from Mr. W. C. Bowra, who is Vice-President. It's dated the 2nd of March. "Dear Mr. Minister: Canadian National interest in the development of northern Canada is the same as that of the western provinces, but in writing to you, I am narrowing my comments to Manitoba, and particularly to the Port of Churchill.

"Several questions have been asked of late concerning Canadian National import and export freight rates policy as it pertains to northern development and Churchill. I would like to give you a broad outline of Canadian National position today and objectives of the future. Canadian National has embarked upon an extensive rail upgrading program of the railway north of The Pas. Last year we replaced considerable mileage of rail with heavier steel, and at the same time did extensive ballasting and improved the drainage of the right-of-way. The program will take another six years to complete at a cost of several million dollars.

"Related to this, of course, is the industrial activity now under way in the north, and our confidence in its expansion in the future. Tied in with this extensive property improvement program is the hope of greater use of the Port of Churchill. On the freight side, it is Canadian National intention to apply on import and export freight traffic moving through Churchill the same rates as if the tonnage were moving through the Port of Montreal to or from the prairie provinces. In other words, port parity.

"To identify ourselves fully with the northern development of our province and that of Saskatchewan and Alberta, Canadian National freight sales staff, which comprises our solicitation and rate-making groups, will assist shippers and receivers in the development of data which will lead to the quotations of rates that will be related to those applying from Montreal to western Canada. Here you will appreciate these import and export freight rates will only be published if specific tonnages materialize. I can assure you that it is the goal of all this organization to do the utmost to develop the north country and greater use of the Port of Churchill. Yours very truly, W. C. Bowra." And it's addressed to me.

I think it can be noted with satisfaction that expenditures will be continued of considerable magnitude in the north providing employment and income to that area, and that this holds prospect. I think at first, of diverting some import and export traffic which might otherwise have used Montreal through the Port of Churchill. The immediate prospect is not for the lessening of costs of freight exactly, because the lower rates which are available through Montreal are available to the shipper or to the importer. Nevertheless, the increased activity which can be expected from this upon the Hudson Bay Railway and in the Port of Churchill will, I think, make a major contribution to the economies of those places. I've had only a few hours to study the rates, but some rates are cut quite sharply and I would expect that during the limited season in which Churchill is open that there would be added opportunity for the diversion of traffic through that Port.

I think we must express our appreciation to the railways, and in this case to the Canadian National Railway particularly, for a progressive and forward-looking and optimistic policy with respect to northern Manitoba and the Churchill route in general. It's a pleasure for me to acknowledge then this attitude upon their part. It's, I think, correct to say that it is an important move in the over-all development of northern Manitoba and the Port of Churchill.

MR. MOLGAT: Madam Speaker, before the Orders of the Day, I wonder if I might ask the Minister some questions about the statements he has made. It is my impression that at the moment many of the freight rates from Churchill to Winnipeg, for example, are identical to the ones from Montreal to Winnipeg, so that there is really no great incentive to bring in through Churchill because of problems of shipping dates and so on. Does this specifically mean then that there will be a lower freight rate from Churchill to Winnipeg as compared with Montreal to Winnipeg?

MR. EVANS: No, Madam Speaker. My information is not the same as the Leader of the Opposition. The policy which has been announced by the Canadian National is to equalize the rates for import and export movements through Churchill with those through Montreal. They are not at present equal. I might add something that I meant to say in the course of my remarks that this does not have an effect upon grain rates. They are of course controlled in a separate way.

(MR. EVANS cont'd) . . .

I give my honourable friend some examples: on hides, the rate through Churchill is \$2.37, through Montreal is 90¢; for canned meats, Churchill \$2.10, Montreal \$1.56. I'll read the figures in that sequence instead of mentioning both ports at the same time. Mustard seed, \$2.37 - \$1.87; Peas, \$1.58 - 90¢; dehydrated potatoes, \$2.37 - \$1.26; and so it goes down through the list. There are some in which the spread is not as great, but they run from some small advantage which will now accrue to Churchill to a reduction of about 50 percent of the rate to be charged.

So it is an important reduction and we expect to see a development of traffic on the line and through the Port of Churchill rather than at the present time any saving in freight costs. This may sound strange, but obviously anyone exporting or importing now would use the lower rates that are at present available through Montreal. They are available there now; they use them now, and so they have the lower rates; but it does have the advantage of offering an alternative route, and that is out through the Port of Churchill. It'll be a diversion of traffic rather than a lowering of rates that we hope will result. I might add that I'll table copies of the letter from the Canadian National Railway for the leaders of the parties and for the press.

MR. PAULLEY: Madam Speaker, if I may, I think this is a very important announcement as far as Manitoba is concerned, but lest I may be misunderstood, let me say to the House I'm not speaking at the present time in my capacity, at least for ten months of the year, as an employee of the Canadian National Railways but rather a member of this Legislative Assembly. I think this is most important and it's a matter that has been long given the consideration of the Manitoba Legislature. I know in my history here in the province, the former government also was mighty interested in trying to equalize rates between the Port of Montreal and the Port of Churchill as far as freight rates are concerned, and I think this is all to the good and for the future of the Province of Manitoba.

Now may I respectfully suggest to the Minister and to the Government of Manitoba that this having now been done through the co-operation of the Canadian National Railways, that the Minister and the government lend every effort possible to have the federal authorities who are basically in charge of the Port of Churchill to take such measures and such steps necessary to keep the Port of Churchill open for a longer period of time in order that more benefit might accrue to the Province of Manitoba, indeed, Madam Speaker, to the whole of western Canada.

Also, another matter was brought to my attention in rather concrete form within the last few weeks. I understand that there are added charges, risk charges possibly to the Department of the National Harbours Commission to cover risks at the present time in going through Port Churchill, which are a surplus charge on the freight and . . . going through Churchill. I also suggest that if this is the case, and if my information is correct it is the case, that the Minister of Industry & Commerce and the Government of Manitoba take such steps as may bring about the removal of this surcharge on our own seaport of the Province of Manitoba, because I am sure, in all due respect to our eastern cousins, that given a reasonable basis of competition, we can beat the Port of Montreal with our own Port of Churchill.

MR. J. M. FROESE (Rhineland): Madam Speaker, I have several questions. First, I would like the Honourable Minister who just spoke previous to the last speaker, whether a list of the freight rates from which he quoted could be made available to members of this House.

Secondly, I have a question that I would like to direct to the Provincial Secretary, but since he's not in his seat, I wonder whether the First Minister would care to answer. This is in connection with truck drivers who are unable to purchase insurance on their trucks. Has the Minister had any complaints in this connection from truck drivers? Secondly, when these drivers purchase their license and if they are unable to purchase insurance prior to that, they have to pay a penalty of \$25.00. Now supposing they are able to get insurance later on, will the penalty be refunded, or what is the government's policy in this connection? Is there provision in the legislation at present, or are they intending to make provision for such an occasion?

MR. ROBLIN: My colleague tells me that he would be glad to table the information my honourable friend spoke of. I will take his questions to the Provincial Secretary as notice.

MR. S. PETERS (Elmwood): Madam Speaker, before the Orders of the Day, I'd like to direct a question to the Minister of Health. I'm sorry, I must apologize to him that I haven't given him notice of this question. According to newspaper reports, the Commissioner of Hospitals has asked the Metropolitan Corporation of Winnipeg to contribute one million dollars to hospital construction costs in the Metro area. I was wondering if the request to Metro by the Commissioner was made on the instructions of the Minister of Health or anyone in his department?

MR. GORDON W. BEARD (Churchill): Madam Speaker, as the Member for Churchill, I would like to acknowledge the announcement made by the Minister of Industry and Commerce. I would also like to pass along congratulations to our Hudson Bay Route Association because I am sure that they have assisted, along with government, in bringing about the lowering of the rates. I do feel that we should congratulate the Canadian National Railway in considering this problem. But it does bother me, in listening to the Minister, I thought that it was based on bulk freight movement. This is possibly putting the horse before the cart, but if they'd lower the freight rates then I'm sure that they'll get the bulk freight movement.

MR. WITNEY: Madam Speaker, in reply to the question posed to me by the Honourable Member for Elmwood, he will recall that we passed legislation in the 1964 session of this House providing for the 40 percent local contribution in the Metropolitan area, and the Hospital Commission from that point on began to negotiate with the Metropolitan Corporation, so they will have conducted those negotiations from their offices.

MR. MOLGAT: Madam Speaker, before the Orders of the Day, I would like to address a question to the Minister of Education. Is it the policy of the Department of Education now to teach the phonetic method of teaching reading at the Teachers College?

HON. GEORGE JOHNSON (Minister of Education) (Gimli): Madam Speaker, I believe that some phonics is taught there, but I believe also the sight method. I would like to get a more detailed reply for the honourable member if I could answer on a later occasion, but at Teachers College I think the phonics is taught as is some emphasis on sight reading. I might say that I should have a full report on the matter during the course of my estimates, but I would be glad to get the detail of the actual reading program at the Teachers College and speak on it at a later date if I may.

MR. MOLGAT: Madam Speaker, a subsequent question, my reason for bringing it up at this time is because of the controversy that has arisen in the City of Winnipeg at the moment, and I think that it's important that there be some clarification at this time. Is it departmental policy to have the teaching of phonics in schools then? I presume from the Minister's answer that at the Teachers College it is taught. Is it so in schools?

MR. JOHNSON: Madam Speaker, as you know, at the present time the elementary review -- the Curriculum Committee reviewing elementary school curriculum is looking forward to the experiment being conducted in Winnipeg on the phonetic keys to reading experiment to which the province has contributed a \$3,600 grant to assist in this work. I think the committee have been in constant touch with those conducting the experiment and the Curriculum Review Committee of our advisory board at their last meeting communicated to myself that this experiment doesn't end until next June I believe, and they would like to have the full benefit of the full experiment before making recommendations to the government in the future.

At the present time, I think the reading is considered by the staff, and insofar as recommendation is concerned, that there is merit in both phonics and the sight approach. It is a very difficult thing to come down on all fours on either method at this time, that the individual teacher is part of the process. Some have marked success with one method, some with the other, but I think in general the feeling of the department is at this time that schools are allowed to carry on with the sight and phonics methods and variations and content of each. Before the review of the entire elementary curriculum come down on prescribed texts and recommended reading methods, they want the full benefit of the current experimentation.

MR. MOLGAT: Madam Speaker, a subsequent question. I must confess that I'm not quite clear exactly what the answer to my question was from the Minister's reply. Is it the policy of the department that phonics are used in schools or not?

MR. JOHNSON: I can't answer you any more than I have.

MR. WITNEY: Madam Speaker, I wish to lay on the table of the House the Annual Report of the Alcoholism Foundation of Manitoba.

MR. MARK G. SMERCHANSKI (Burrows): Madam Speaker, I would like to ask a question of the Honourable Minister of Health. I understand that the Grace Hospital is building a hospital out in St. James. Could he tell us what are the plans for the present Grace Hospital? Is it to be closed down, renovated or what are the plans for the present site? Does he know?

MR. WITNEY: Madam Speaker, I think that the information can be given at the time that I present the estimates to the House.

MR. PAULLEY: Madam Speaker, I want to revert back if I may to the question that was asked by the Honourable Member for Elmwood, with a supplemental question to the Minister of Health. As I recall, Sir, your answer referred to the legislation that was passed empowering

(MR. PAULLEY cont'd.) Metro to make a contribution up to 20 percent of approved hospitalization costs. My understanding, Madam Speaker, is that application would be forthcoming from the organization interested in building hospitals, and an authorization was given to Metro on receipt of the same to raise the required monies. Has the situation changed, or the policy of the government changed in that its own organization, namely the Manitoba Hospital Commission, is now making a direct appeal to Metro for a contribution to hospital construction and not being specific insofar as any particular project or projects are concerned?

MR. WITNEY: Madam Speaker, when the policy was established in the Legislature last year the Manitoba Hospital Commission was charged with the responsibility of developing the hospital system and began their negotiations with the Metropolitan Corporation. The Metropolitan Corporation asked for information and the Hospital Commission have been giving it to them through the form of negotiation by letters.

MR. PAULLEY: May I be permitted one brief comment. I don't think that this was the understanding of this House and I want to warn the Honourable the Minister of Health that the matter and the question will be pursued when we reach his estimates.

MR. LAURENT DESJARDINS (St. Boniface): Madam Speaker, I wonder if the Honourable the Minister of Health would answer, if he feels that this will protect the autonomy and independence of the hospitals?

MADAM SPEAKER: The Honourable Member for Brokenhead.

MR. SCHREYER: I would like to direct a question to the Minister of Education and/or the Attorney-General. One of the leaders of a delegation that met with the Winnipeg School Board recently informed the school board that upon meeting the Minister of Education of this government that she was told the Minister felt he had no control over what went on in the Winnipeg school system. I would like to ask the Minister if he considered this to be an accurate version of what he did say to these delegations that came to see him regarding phonetics.

MR. JOHNSON: Madam Speaker, regarding what? I don't know what you are referring to.

MR. SCHREYER: Madam Speaker, I repeat the question. The leader of one of the delegations that appeared before the Winnipeg School Board recently informed that School Board that upon meeting the Minister of Education of this province she was told by the Minister that he had no control over what went on in the Winnipeg school system. I would like to ask the Minister if he regards that statement as an accurate version of what he did in fact say to her and to the phonetic reading interest group when they met with him.

MR. JOHNSON: Madam Speaker, I can't recall the incident to which the member may be referring. I would have to dig down into my memory but I don't recall ever saying such a thing.

MR. MOLGAT: A subsequent question to the Minister of Education. I understand that at the Teachers College one of the text books used in the teaching of phonics is called "More Power to Them." Is this an authorized text and does the Minister intend to have it supplied to the schools in general?

MR. JOHNSON: Madam Speaker, I'll have to take notice of that question. I believe that's the book written by Miss Turner, but I'll look into the matter.

MR. WITNEY: Madam Speaker, in just reply to the Honourable Member for St. Boniface, there has been no change in the policy in respect to the question he asked.

MR. SCHREYER: Madam Speaker, a supplementary question to the Minister of Education, I would ask him if he has ever told any delegation something to the effect that the Department of Education has no control over what goes on in the Winnipeg school system.

MR. JOHNSON: Frankly, I don't know what this would be in reference to. If it was in reference to reading I don't recall making that statement. I don't know what they are referring to.

MR. DESJARDINS: I wonder if the Honourable Minister of Health who stated just a while ago that there's no change in policy, and the policy last year was to protect the autonomy and independence of the different hospitals, does he consider there is no change when there is a blank demand for \$1 million a year from a different level of government as protecting the autonomy and independence of the hospitals?

MR. WITNEY: Madam Speaker, there is no change in the policy.

MR. PAULLEY: Madam Speaker, would the Minister be kind enough to make available copies of the letter that was sent by the Commissioner of Hospitalization to the Metro Corporation, or would he insist that it be by Order of Return. I can do that, but I think it might be more convenient if he would accept my request for a copy of the letter.

MR. WITNEY: Madam Speaker, I am prepared to table a copy of the letter.

MR. SCHREYER: Madam Speaker, a question to the Minister of Education on a slightly different matter. I would ask him if the provincial Department of Education is itself conducting any sort of survey or study regarding the controversy of phonetic versus sight method, or is it relying primarily -- or is it relying exclusively on the experimentation being conducted by the Winnipeg school system?

MR. JOHNSON: Madam Speaker, the Elementary Curriculum Committee, with wide representation, is currently looking at the whole elementary curriculum, and the reading committee of that elementary curriculum is keeping the closest eye and completely in the picture with respect to the experimentation in Winnipeg and other methods of reading that are coming to hand.

MR. ELMAN GUTTORMSON (St. George): Madam Speaker, I'd like to direct a question to the Attorney-General. One year ago this House was informed, I believe by the Premier, that the Deputy Attorney-General had been requested to stay on for another year and he had agreed to do so. Now that the year has passed, is it the intention of Mr. Kay to stay on or does he plan to go into retirement?

HON. STEWART E. McLEAN (Attorney-General (Dauphin): That is a matter of policy, Madam Speaker, not a proper question.

..... Continued on next page

ORDERS OF THE DAY

MADAM SPEAKER: Order for Return standing . . .

MR. ROBLIN: Madam Speaker, you are now calling the Orders of the Day, and I would suggest it might meet the convenience of the House if we were to first of all call the motion for the Committee of Ways and Means to permit the budget speech to be given, and following that to proceed to second readings, and at the conclusion of second readings to go into Committee of Supply, with of course the understanding that the Committee of Supply would be called today before our session concludes so that the Honourable Member for Emerson may present the point that is concerning him with respect to gas. So if you would call the Committee of Ways and Means I would be prepared to proceed.

BUDGET SPEECH

Madam Speaker: I now present my seventh Budget. Before moving that we go into Committee of Ways and Means, I wish at the same time to give the customary review of the Provincial economy over the past year.

ECONOMIC REVIEW - 1964

Record high levels of activity during 1964 were reflected in most sectors of the Manitoba economy. The 1964 personal income aggregate in Manitoba is now estimated at \$1,689 million, an increase of 7 percent over 1963. Per capita personal income rose by about \$100 over 1963. I may interject here, Madam Speaker, that a lot of figures will be given this afternoon about the progress of the economy, but I think the significant figure to bear in mind is the one that I have just given -- the per capita personal income rose by about \$100 over 1963 -- and when one can relate that to the population of the province, one obtains a very good picture of the progress during the year. Some \$1,050 million of total income was accounted for by salary and wage earners. Farm cash income in 1964 - estimated at \$300 million - increased by about 11 percent over 1963. Manitoba's gross provincial income increased 9 percent to reach a new high level of \$2.25 billion.

Retail trade value in 1964 approximated \$970 million - up 7 percent over 1963. The value of manufacturing shipments is estimated at \$974 million for 1964 - for a 4.5 percent increase over 1963.

The gross value of agricultural output was estimated at \$430 million last year which was an 11 percent rise from the 1963 level of \$387 million.

Mineral output showed a further 3 percent increase over 1963 to reach a new high level of \$175 million in spite of a month-long labour dispute at Thompson. Oil production in 1964 rose 15 percent over 1963.

With activity high, the labour force in Manitoba achieved virtually full employment in the year. In two months, July and September, the number of unemployed represented less than 2 percent of the labour force. Here again I stop, Madam Speaker, to interject that this too throws a very sharp light on the buoyant state of our economy. Virtually full employment in the year that has just passed.

Capital investment in 1964 maintained the high level of over a half billion dollars in new commitments. Public investment continued as the major stimulus. New residential construction value reached an estimated \$78 million in 1964 which was an increase of 11 percent over 1963.

The \$27 billion in total cheques cleared in the Manitoba clearing houses in 1964 was up \$804 million or 3 percent over 1963. Winnipeg's clearings are the third highest in Canada by this measurement.

ECONOMIC OUTLOOK - 1965

The 1964-65 winter season has so far been the best for employment and general activity in many years. Not since 1956 has there been as high a level of sustained employment during the winter period. When we consider the extreme weather of this season, the record is the more remarkable.

The first indications for production, sales and trade in 1965 are consistently higher than for the same period in 1964. The investment plans so far announced, the strength of employment, income and other key factors carrying over from 1964, the indications for continued good agricultural markets -- all give support to a reasoned optimism for 1965.

Although economic progress in the Province has shown consistent improvement in recent years over past records, Manitoba must do even better in the future in view of the fact that it is one of the less-favoured provinces in terms of natural resource wealth. This will demand not

(MR. ROBLIN cont'd) . . . only continued effective provincial effort but a national recognition of the importance of balanced regional growth throughout the land.

HUMAN RESOURCE DEVELOPMENT

The greatest part of the Provincial current budget is committed to the direct development of human resources to meet the needs and to provide for the requisite advantage of our people. The main components of this investment are education, health and welfare, with labour services. These now represent 57 percent of the current budget.

The 1958-59 human resource investment on current and capital account was \$39 million. For 1965-66 the same human resource sector will total \$106 million - some \$67 million or 173 percent above the combined estimates for 1958-59.

SUMMARY OF INVESTMENT IN PROVINCIAL DEVELOPMENT

(In Thousands of Dollars)

	<u>1958-59</u>	<u>1965-66</u>	<u>% Increase</u>
HUMAN RESOURCE DEVELOPMENT			
Education	19,115	57,503	201
Health	10,718	24,455	128
Welfare	8,394	23,031	174
Labour	520	765	47
	<u>38,747</u>	<u>105,754</u>	<u>173</u>
Percentage of total development investment	<u>(27.8%)</u>	<u>(40.0%)</u>	
ECONOMIC RESOURCE DEVELOPMENT	84,655	124,164	47
Percentage of total development investment	<u>(60.7%)</u>	<u>(47.0%)</u>	
SERVICE	15,980	34,041	113
Percentage of total development investment	<u>(11.5%)</u>	<u>(13.0%)</u>	
TOTAL DEVELOPMENT INVESTMENT	139,382	263,959	89
	<u>(100.0%)</u>	<u>(100.0%)</u>	

EDUCATION

Education is the investment given first priority by the Government. While other services for our people such as health and welfare, together with economic development, may well be of equal importance, the Government recognizes that without the training and education of our people, all vital undertakings - both public and private - must suffer. Technical skills, research knowledge and enlightened utilization are all increasingly urgent requirements of our modern society. Education is the first requisite in the provision of these capabilities.

SUMMARY OF INVESTMENT IN EDUCATION

(In Thousands of Dollars)

	<u>1958-59</u>	<u>1965-66</u>	<u>% Increase</u>
Primary and Secondary School			
Grants and Department Administration	16,208	37,053	129
School Tax Rebate	- -	10,000	
Provincial Technical and Vocational Schools	545	1,832	236
University and Affiliated Colleges	2,362	8,618	265
	<u>19,115</u>	<u>57,503</u>	<u>201</u>
TOTAL INVESTMENT IN EDUCATION	19,115	57,503	201
Education as percentage of total investment	<u>(13.7%)</u>	<u>(21.8%)</u>	

(MR. ROBLIN cont'd) . . .

In 1958-59, provisions for legislative grants for elementary and secondary schools totalled \$14 million. For 1965-66 the figure will be \$32 million or better than twice the commitment of 7 years ago. In that time public school enrolments have increased from 169,482 to 212,454 students or by 25.4 percent, but in secondary schools the enrolments rose from 30,647 in 1958 to 51,672 in 1964 - an increase of 68.6 percent. And I interpolate here that the increase in Grades 10 and 11 of course is even more spectacular. The new school grants and the associated divisional system made it possible to meet the challenge of this growth - 4,397 new classrooms have been built.

For 1965-66 as well, the reduction in school taxes of \$10 million will have effect, bringing the basic Provincial public education contribution to some \$42 million in the coming year - 3 times the 1958-59 total.

The past few years have given major emphasis to the technological requirements of our economy. Education has reflected this emphasis. In Manitoba, the combined commitments for vocational and technical training have risen from \$545,000 in 1958-59 to \$1.8 million for 1965-66.

The increasing importance of the University and the affiliated colleges in our educational system has been recognized by major commitments to development of facilities, staff and curricula. In 1958-59, the university operating grants from the Government were approximately \$2.4 million. For 1965-66, we are estimating commitments for this purpose totalling \$8.6 million to support the continuing development of the University, the affiliated colleges, Brandon College and related facilities. We have thus provided for a 258 percent increase in annual operating aid to higher education in Manitoba compared with 1958-59. Our aid has been a major factor in keeping the student cost of higher education in the Province among the lowest tuition scales in Canada. In this connection, it should be noted that provincial aid for students has increased from \$69,000 in 1958-59 to \$365,150 in 1965-66. It is estimated that 28 percent of the University of Manitoba enrolment are assisted by student aid programmes, including Canada Student Loans.

The Government has made significant extensions in programmes for education of the handicapped in recognition of both economic potential and the human values. The 1965-66 appropriation for the education of handicapped students totals \$674,201 which includes provision for development of the School for the Deaf in Winnipeg - an increase of \$556,652 or 474 percent over 1958-59.

HEALTH

The development of the Manitoba Hospital Services Plan since 1958 has been a dominant element in the Government's health programme. The number of new hospital beds added since 1958 totals 1,018. Taken together with the replacement of obsolete beds and the improvement of related service facilities, this construction programme has required investment of \$24.4 million. For 1965-66 a commitment in the amount of \$4.3 million provides for a construction programme which will include 190 new bed spaces, replacement for obsolete bed spaces and improved services. Currently \$14 million in hospital construction is in progress and \$17 million is planned for future development in the year 1965.

The cost to the average Manitoban for his hospital services has, at the same time, been kept commensurate with his ability to pay. The direct premium charge is actually now below the original premium level in 1958. The Provincial Government's support of the Hospital Insurance programme from the Consolidated Fund has risen three-fold from \$3.2 million in 1958-59 to \$11.4 million in 1965-66.

GOVERNMENT SUPPORT FOR MANITOBA HOSPITAL COMMISSION

(In Thousands of Dollars)

	Total Operating Cost	Federal Share	Premiums And Other Revenue	Provincial Share
1959	25,500	11,250	11,053	3,197
1965	46,340	22,825	12,089	11,426
Percentage Increase	<u>82%</u>	<u>103%</u>	<u>9%</u>	<u>257%</u>

(MR. ROBLIN cont'd) . . .

Mental health services have made great strides in recent years. From a commitment of \$4 million in 1958-59, the estimated investment in psychiatric services in 1965-66 will have reached \$8.5 million - more than a doubling of the programme in the seven years. Although there are more patients than there were, there are each year fewer confined in the mental hospitals due to the increasing success in mental health treatment.

The Health programme for 1965-66 requires \$24.5 million on combined account - up some \$13.8 million or 128 percent from the 1958-59 commitment of \$10.7 million. Included is a substantial addition for the control and treatment of alcoholism - some \$103,000 increase over 1964-65, to bring the 1965-66 figure for this undertaking to \$242,024.

SUMMARY OF INVESTMENT IN HEALTH
(In Thousands of Dollars)

	<u>1958-59</u>	<u>1965-66</u>	<u>% Increase</u>
Mental Health	3,975	8,468	113
Hospital Services	3,197	11,426	257
Other Services	3,546	4,561	29
TOTAL INVESTMENT IN HEALTH	<u>10,718</u>	<u>24,455</u>	<u>128</u>

SOCIAL WELFARE

The Government accepted as a basic policy in 1958 a responsibility to provide support for those of our citizens who, through no fault of their own, find themselves unable to cope fully with temporary or extended economic difficulties. The principal vehicle of this policy has been developed in the Social Allowances Act.

SUMMARY OF INVESTMENT IN WELFARE
(In Thousands of Dollars)

	<u>1958-59</u>	<u>1965-66</u>	<u>% Increase</u>
Social Allowances	2,766	11,419	313
Elderly and Infirm Persons - Housing	130	750	477
Other Services	5,498	10,862	98
TOTAL INVESTMENT IN WELFARE	<u>8,394</u>	<u>23,031</u>	<u>174</u>

Social allowances are now being paid to some 26,462 persons for a total estimated 1965-66 commitment of \$11.4 million - up almost \$9 million or 313 percent over the comparable figure in 1958-59. Mothers Allowances, aid for the disabled, special assistance to the unemployed and the many other elements of a modern social welfare programme are included in the total commitment. There are 65,000 people served by the Hospital Plan for whom no premium payment is required. Physical fitness aid, special community development programmes for Indian and Metis citizens and increasing co-operative training and rehabilitation service commitments indicate the wide and balanced range of social welfare investment in Manitoba.

One of the special programmes in this investment covers aid for the elderly citizen. Homes for the Elderly and Infirm have drawn Provincial investment totalling \$3.9 million during this Government's term of office. For 1958-59, the comparable expenditure was \$129,962. For 1965-66, the commitment totals \$750,000 - some 477 percent above the 1958-59 total for elderly persons' housing.

The over-all social welfare investment on combined account now totals \$23 million for 1965-66 - compared to \$8.4 million in 1958-59.

SUMMARY OF HUMAN RESOURCE DEVELOPMENT

The combined investment of \$105.8 million in the 1965-66 Budget devoted to human resource development - 40 percent of the Budget - is this Government's firm commitment to its first responsibility - the people of Manitoba. The many-sided programmes of Education, Health, Hospital Services and Social Welfare have been supplemented by expanded Labour services.

(MR. ROBLIN cont'd) . . . including a special research undertaking on manpower requirements and development objectives. These direct investments in people are the heart of our budget priorities. They underlie the total development effort in Manitoba. They are the base upon which our economic investments must be considered.

ECONOMIC RESOURCES DEVELOPMENT

For the period 1958-59 through 1965-66, the Government will have made investment on current and capital account of some \$905.2 million for economic resource development undertakings. That is an enormous sum, Madam Chairman, if I may so -- \$905 million. This involves some \$124.2 million for 1965-66 or 47 percent greater estimated expenditure than the 1958-59 total of \$84.7 million directed towards economic resource development.

SUMMARY OF INVESTMENT IN ECONOMIC RESOURCES

(In Thousands of Dollars)

	<u>1958-59</u>	<u>1965-66</u>	<u>% Increase or (Decrease)</u>
Agriculture and Conservation			
Agriculture Only	2,100	9,565	
Conservation, Drainage and Water Control *	<u>365</u>	<u>15,450</u>	
Total Agriculture and Conservation	2,465	25,015	915
Industry and Commerce	719	2,917	306
Public Works	34,892	42,936	23
Utilities	41,205	44,292	7
Public Utilities	1,517	1,220	(20)
Mines and Natural Resources	<u>3,857</u>	<u>7,784</u>	<u>102</u>
TOTAL INVESTMENT IN ECONOMIC RESOURCES	<u>84,655</u>	<u>124,164</u>	<u>47</u>

* This includes Red River Floodway, Shellmouth Dam, Portage Diversion and Other Water Control Projects.

AGRICULTURE AND CONSERVATION

Since 1958-59, when the agricultural programmes of the Province required a commitment of \$2.1 million, exclusive of flood control and conservation undertakings, the combined current and capital expenditures for agriculture have increased by over 300 percent. The \$12.4 million commitment for the Red River Floodway and the Assiniboine River flood control projects, including the Shellmouth Dam and the Portage Diversion will bring to \$25 million the 1965-66 current and capital investment through the Department of Agriculture and Conservation.

Services have been developed to enable the farm community in Manitoba to adjust to new problems and new market opportunities. The Manitoba Agricultural Credit Corporation was established in 1959 to meet the needs of farmers - particularly young farmers - who would otherwise be unable to enter farm operations or to expand existing farm facilities. Over \$27 million loan capital -- and I recall how often we were told this was unnecessary to do in Manitoba -- over 27 million dollars of loan capital has since been made available in long term credit to more than 2,300 persons. The excellent repayment record reflects credit on the soundness of the programme and on the borrowers who have used its facilities.

The Manitoba Crop Insurance programme also was established in 1959 to enable the agricultural community to modify the dislocations that can result from crop hazards. Six test areas in the Province now cover 35 percent of all farmers in Manitoba. In the coming year, subject to federal agreement, the programme will be extended to cover 70 percent of the farmers in the Province. In 1964, 6,141 contracts were written -- incidentally about half the farmers eligible take this -- to a total liability of \$13.6 million. The programme is on a sound financial basis.

The University of Manitoba has since 1958-59, received agricultural research grants to an aggregate of \$3.7 million. These grants now total \$575,000 per annum. From 1958-59 to

(MR. ROBLIN cont'd) ... date, capital grants for related facilities at the University have totalled \$5.9 million. Over \$306,000 has been provided since 1958-59 to aid deserving students who wished to study in agriculture at the University.

Provincial capital assistance has included funds for Agricultural Societies totalling \$441,000 since 1958-59. Other major support for agricultural areas has come through water resource development. Under the Manitoba Water Supply Board Act, a total of 62 areas in the Province have been declared for water supply projects with aid requests being received from 52 of these areas. Water supply plants were constructed or brought into use during 1964 at Winkler, Pilot Mound, Rossburn, Manitou, Ste. Rose, Gilbert Plains, Russell, Kelwood and Strathclair.

Expanded programmes under the Canada-Manitoba ARDA Agreement have been undertaken to further the overall developments of both the agricultural community and the general resources of our rural areas. Since 1962, \$3.1 million has been spent in Manitoba under the ARDA programme and the 1965-66 estimates call for \$2 million new expenditure.

There is one recent development in agriculture that is causing farmers and the government some concern. Recent trends in wheat prices have not been encouraging. For this reason and for the future problems that can be foreseen in international wheat trading, the Government has requested the Federal Administration to convene a meeting on this subject. While we do not recommend direct subsidies in present circumstances there are other methods of helping the producer to face subsidized international competition and these must be studied.

NATURAL RESOURCES

The overall activities of mineral, forest, fishery, wildlife and land resource development, including related recreational programmes and research undertakings, have required Provincial investment of \$33 million since 1958-59. Commitment for 1965-66 totalling \$7.8 million is some \$4 million or 102 percent above the 1958-59 appropriation.

Stimulation of mining and oil exploration has resulted in several significant discoveries and investigations in 1964. Mining discoveries included the Birchtree nickel deposit near Thompson and the Anderson Lake copper deposit near Snow Lake. The Mukasew (Fox) Lake copper-zinc deposit near Lynn Lake was investigated for production. Gypsum production began at the Silver Plains mine south of Winnipeg. It is anticipated that a high-quality face-brick plant will be constructed in the Province in 1965. The number of mining claims staked in 1964 almost doubled that of 1963. New programmes are planned for 1965 to stimulate the development of mining activities in the Province - a mineral investigation programme, a change in the royalty tax provision applicable to new mines and a mining road access policy.

The oil shales of the Manitoba escarpment received notable investigation by three companies in 1964. The extension of the West Routledge and Daly Fields and the implementation of the North Virden-Scallion waterflood programme contributed to the significant increase in oil production in the Province. Twice as many oil wells were drilled in 1964 as in the previous year. A new programme is planned for 1965 which will give additional incentive to oil drilling in zones below presently producing levels.

Programmes are underway to increase the value of fish production in Manitoba. Research has been directed towards developing efficient equipment for use in a large scale rough fish removal programme. A forty-five foot research trawler was launched at Riverton in the fall and it will be used this coming spring and through-out the open water season. Construction will begin in 1965 on a new fish hatchery and biological research station at Grand Rapids.

In recent years there has been a spectacular development in the recreational use of the Province's lakes, streams, fields and forests. More than 1.4 million tourist entries to Manitoba's Provincial Park system were recorded in 1964 - a considerable number were by visitors from other provinces and the U. S. A. The growth in camping was nearly 20 percent over 1963 with over 30,000 permits issued, which gives you some idea of the pressure on resource development.

POWERS AND TELEPHONES

Power and telephone facilities are basic supports of domestic, commercial and industrial activities in the Province. Support for the development of these services has amounted to over \$390 million in Provincial capital investment since 1958-59. And I pause there to interject that when some of the people in the House and elsewhere criticize the debt of the province, let them remember that 390 million of that debt money is invested in telephones and hydro, and a better investment would be hard to find. And here is an interesting thought -- the

(MR. ROBLIN cont'd) . . . largest of the projects, the Grand Rapids development, is now coming to completion at a saving of about \$20 million from the cost originally estimated. I think that reflects some credit on the management of hydro.

Over the period 1958-59 through 1965-66, capital investment in power and distributive facilities will have involved \$290 million.

Capital expenditures of over \$100 million since 1958-59 have kept the Manitoba Telephone System abreast of the latest communications developments and have led to the installation of 99,000 new telephones in the Province over this period. Some 340,000 telephones will be in use in the Province by March, 1965 -- dial telephones now comprise 87 percent of this total. In 1965-66, special emphasis will be placed on up-grading rural multi-party service in the Province.

HIGHWAYS

There are now over 364,000 motor vehicles registered in Manitoba, with the total increasing by about 15,500 vehicles a year. In addition, an estimated 350,000 to 400,000 tourist vehicles use the Province's roads and highways each year. The Provincial highway programme has kept pace with this demand. Since 1958-59, net Provincial investment of \$265 million -- let me repeat that -- net provincial investment of 265 million has been directed towards the construction and maintenance of roads in the Province. In the seven years some 1,755 miles have been added to the Provincial Highway System. It is anticipated that \$39 million will be directed towards construction and maintenance of road mileage in the Province in 1965-66.

Traffic studies and counts have indicated that the volume of traffic on connecting routes throughout the Province is becoming so great that future costs of construction and maintenance may well be beyond the financial capacities of the municipalities. Some 4,000 miles of such connecting routes will therefore be transferred to the Province and will become Provincially-supported roads. This follows the recommendations of the Michener Commission, giving a clear-cut division of responsibility between the Province and the municipalities.

Among major highway projects scheduled are the construction of a four-lane divided section of the Trans Canada Highway from Headingly to the junction of Provincial Highway No. 4 west of Portage la Prairie, the re-locating and improving of Highway No. 59 through the Metropolitan area, major work on the Perimeter Road system plus a substantial province-wide programme of further highway construction and betterment.

While we are by no means satisfied with the record in this respect, Manitoba continues to have fewer highway deaths per 100 miles driven than is the experience at the national level.

OTHER PUBLIC WORKS

In the coming fiscal year we will be commencing development of:

- three new technical schools at The Pas, Brandon and Winnipeg, \$1.8 million.
- conversion of the Old Teachers' College at Tuxedo to a school for deaf children - \$300,000.
- construction of a new Justice Building for the Greater Winnipeg area, \$1 million.
- design of a new juvenile detention centre and family court, \$1.5 million.

There is also the construction of the new Teachers' College on the University campus which together with the other planned University capital programme will mean a total capital expenditure at that institution of \$3 million.

OVER-ALL CAPITAL DEVELOPMENT PROGRAMME

Highways, public buildings and related undertakings form only a part of a much broader capital programme. Such projects as the Red River Floodway, the Portage Diversion, the Shellmouth Dam and all of the other various flood control schemes are part of the capital programme. So are the utility projects of Manitoba Hydro and the Telephone System.

The funds advanced to farm and business enterprise through the Agricultural Credit Corporation and the Industrial Development Fund are part of this capital development. Urban renewal assistance, capital grants to hospitals and university building programmes are other aspects of the asset development and employment creation by the Province.

In total, since 1958-59, this Government, its agencies and the major utilities will have committed some \$870 million in capital expenditures. This averages to a capital programme of some \$110 million annually. The range of investment touches nearly every aspect of the Provincial economy from water supply to parks and picnic grounds; from new business

(MR. ROBLIN cont'd) development to family farm preservation; from rehabilitation hospitals to homes for the elderly; and from trade schools to university buildings. And I might interpolate here, Madam Speaker, that 30 percent of the capital investment put in place in these recent years in the Province of Manitoba has been public investment of the kind that I have just mentioned. Without it, one hesitates to consider what our economic position would have been like.

STIMULANTS FOR GROWTH

In 1964, growth in industry and industrial employment surpassed the COMEF target for this sector of our economy. Nevertheless, Government has a special responsibility in this Province in assisting industrial growth, for a particular reason. The nature of the industrial complex of Manitoba is such that 80 percent of our industry employs fewer than 50 people per plant. It is, in modern terms, a complex of small industries. Government has a role to play in supplying to small industry those tools and techniques of growth which larger-scale industry can supply for itself.

This is why I am proposing a large increase in the budget of the Department of Industry and Commerce in 1965-66. The Research Council, the Design Institute, the Export Corporation and the Product Development Fund will all be employed to provide research and development facilities to assist small industry and business in improving their marketing and producing effectiveness. The In-plan Training Programme is being enlarged to increase the pool of skilled workers. This, along with the educational up-grading through technical schools and technological institutes, will provide new opportunities for our working people.

In addition to all this, the Manitoba Development Fund will continue to provide loan capital to worthy enterprises.

Now I make some remarks about various departmental services, Madam Speaker.

Attorney General

Provincial expenditure for the provision of correctional and rehabilitation services and the continuing administration of justice in the Province during the period 1958-59 to 1965-66 has amounted to \$38 million - almost \$7 million of this total will be expended in 1965-66.

Construction will begin in the late summer of 1965 on the new \$1 million Justice Building which will consolidate the magistrates' courts for the Winnipeg area. Design work also will begin on a new juvenile detention centre and family court building.

Municipal Affairs

A Budget and Finance Branch will be established by the Province in 1965 to look after budgeting, financial affairs and auditing of Municipal Corporations within the Province and the functions of the Municipal Services Branch will be expanded to include research and municipal data processing operations.

Provision is being made to extend the Provincial assessment programme in 1965 to cover 7 additional municipal corporations -- bringing the total to 195 municipal corporations and 17 Local Government Districts.

Provincial Secretary

The major budgetary concern of the Province in this area continues to be planning, co-ordination, financing and implementation of the projects to mark the Manitoba and Canada Centennials. The major projects will be the development of an integrated Cultural Centre in Winnipeg, an auditorium in Brandon, a pavilion for the International Peace Gardens and three provincial parks. Local parks and recreational facilities will also be improved and expanded as part of the commemoration programme.

It will be recalled that some years ago the Legislature authorized the establishment of a War and Post-War Reserve. Under the present administration, the body of this reserve has been maintained at a level that now yields an annual interest earning of some \$600,000.

The Government has decided to apply this income to the Centennial Projects financing rather than seek further capital appropriations. Members will have noted that the \$950,000 per capita grants to municipalities for this purpose has been included in the current budget.

PROVINCIAL SUPPORT FOR LOCAL GOVERNMENT

For every dollar in current revenue, the Province directs 60 cents to the support and development of local government in Manitoba. In aggregate, the 1965-66 total for direct and indirect aid to local government will reach almost \$111 million as compared to \$42 million in

(MR. ROBLIN cont'd) 1958-59 - an almost three-fold increase.

Following from the findings of the Michener Commission, the Government will also be making available greatly expanded grants-in-lieu of taxes on Provincial property - some \$1.5 million will be directed to the payment of such grants in the year ahead of which \$835,240 in total will go to the City of Winnipeg. We have also assumed from municipalities an additional \$4 million annual responsibility for local roads. I think that \$4 million figure is a misprint, Madam Speaker. It is something closer to seven. Metropolitan Winnipeg will benefit by increased road grants of \$1 million. Additional drainage responsibilities will be taken over in rural areas.

Other major components of the local government support programme include aid to education of some \$32.0 million for this coming year - more than double the 1958-59 figure for school grants. The \$10 million school tax rebate is additional aid, bringing the educational assistance -- direct and indirect -- to over \$42 million in the estimates for 1965-66.

The drainage aid for rural localities, including the new responsibilities mentioned, will total \$10.6 million for 1965-66. Over-all highway and road assistance to local bodies, exclusive of the new assumption of responsibilities by the Province, will require a \$7 million commitment in 1965-66.

While we do not attempt to calculate the over-all effect on local government of the Manitoba Hospital Services Plan, the Plan has assumed responsibilities for Municipal Hospitals -- and I might say also for municipalities -- once a substantial charge on local taxpayers.

Social allowances and other provincial welfare assistance have also been effective where formerly municipal authorities were left to cope with growing welfare problems. In 1958-59 Provincial aid for social welfare totalled \$7 million. For next year we are providing for some \$23 million in support of a greatly broadened and strengthened social welfare programme.

In direct aid, the Government of Manitoba will support local government development to the extent of \$68 million in 1965-66. This is more than twice the \$33 million for direct aid in 1958-59. The indirect support which nonetheless represents relief of local financial burden now totals \$43 million for the 1965-66 programme, as compared to \$9.5 million in this indirect aid provided in 1958-59.

We will continue to provide up-graded services, better support, and a constant attention to the needs of local government in Manitoba. The increase in aid in 1965-66 alone amounts to \$24 million. It is in this way that we see for the year ahead the impact of the tax shift from the local taxpayer to the Provincial Treasury.

FINANCIAL REVIEW

PUBLIC DEBT

Since a year ago there has been an increase in our net public debt in line with our growing capital investment but of much smaller proportions that would have been the case had such a substantial amount of such capital investment not been charged to current account. While this increase is higher than the comparative figure for last year, the difference is due largely to the timing of borrowings in relation to the year end, as the borrowing programme was essentially of the same general magnitude.

Our loan policies continue to receive the full support of the money market and the credit of this Province remains very close to the top among the provinces of Canada, despite the greater economic wealth that some others may enjoy.

(MR. ROBLIN cont'd)

COMPARISON OF PUBLIC DEBT

	<u>December 31st</u> <u>1963</u>	<u>March 31st</u> <u>1964</u>	<u>December 31st</u> <u>1964</u>
Debentures	\$ 250,027,000	\$ 243,027,000	\$ 229,620,000
Savings Bonds	59,850,800	58,582,900	69,072,800
Treasury Bills	63,528,010	61,837,705	77,903,253
	<hr/>	<hr/>	<hr/>
Gross Debt	373,405,810	363,447,605	376,596,053
Less: Gross Debt for Self-sustaining Purposes	183,573,576	173,775,797	166,277,091
	<hr/>	<hr/>	<hr/>
Less: Sinking Funds and Other Funds held for General Debt Retirement	21,439,619	24,650,307	22,461,539
	<hr/>	<hr/>	<hr/>
Net Debt	<u>\$ 168,392,615</u>	<u>\$ 165,021,501</u>	<u>\$ 187,857,423</u>

The interest on our debt --and we always take some interest in this matter-- will again constitute but a relatively minor charge on our revenues. In 1965-66 it will take only \$5.9 million plus \$758,000 discount amortization, out of a total revenue of over \$185 million for this purpose. Twenty years ago like charges were \$4.9 million and revenue available was but \$22 million. Our net debt today could be repaid with less than the revenue of one year. These are the proper measure of our financial capabilities.

Evidence of the concentration of our loan liabilities in asset-creating expenditures is in the following table:

PURPOSES OF PUBLIC DEBT - DECEMBER 31, 1964
(In Thousands of Dollars)

Public Utilities	\$ 150,677
Roads and Bridges	150,197
Provincial Buildings	16,689
Other Public Works	15,363
Other Recoverable Debt	15,600
Grants and Advances	11,508
Unemployment Relief (pre 1958)	8,759
Debt Discount	7,803
	<hr/>
	\$ 376,596
Less Sinking Funds and Self-supporting Debt	<hr/>
	188,739
	<hr/>
NET PUBLIC DEBT	<u>\$ 187,857</u>

Sinking Fund and Debt Retirement

Sinking fund requirements continue to be met as provided under the Retirement of Debt Act. This requires that 3 percent of the principal amount be provided annually on all debt of over one year maturity, except where serial repayment of principal is provided for. This, on a 4 percent earning basis, retires an issue in about 22 years. The 1964 earning basis of the sinking fund was substantially higher at 4.63 percent and will result in retirement at a more rapid rate.

In accordance with established practices and the requirements of their statute, the Manitoba Hydro Electric Board and the Manitoba Telephone System have provided sinking funds for debt retirement of not less than 1 percent of their outstanding debt at the close of the previous fiscal year, plus earnings at 4 percent, again less than actual earnings at present rates.

For 1965-66, \$7,307,143 is being provided for sinking funds, including our debt on account of the utilities held in the Province's name. Serial retirement of \$1.2 million is also required.

At the close of the last calendar year the Province held against the retirement of direct

(MR. ROBLIN, cont'd).

Provincial debt sinking funds of \$61,250,288.

Guarantees

Provincial guarantees issued in the past year have been restricted to those agencies of the Crown which have a distinct existence in fact as well as law, and to the University of Manitoba. These agencies are operated as separate entities and their costs do not constitute a charge on the Consolidated Fund. I think I will repeat that sentence because we are always being attacked as if they were part of the Consolidated Fund. The guaranteed debt for Crown agencies, etc. does not constitute a charge on the Consolidated Fund.

STATEMENT OF GUARANTEES OUTSTANDING BY CLASS OF BORROWER

	<u>December 31st,</u> 1963	<u>March 31st,</u> 1963	<u>December 31st,</u> 1963
<u>Guaranteed as to both</u>			
<u>Principal and Interest:</u>			
Manitoba Hydro	\$ 232,150,000	\$ 260,150,000	\$ 285,150,000
Manitoba Telephone System	47,500,000	47,500,000	59,500,000
University of Manitoba	16,100,000	16,100,000	16,850,000
Hospital and Other	<u>8,723,218</u>	<u>8,669,491</u>	<u>8,434,047</u>
	<u>\$ 304,473,218</u>	<u>\$ 332,419,491</u>	<u>\$ 369,934,047</u>
 <u>Guaranteed as to</u>			
<u>Interest Only :</u>			
School Districts	\$ 4,814,693	\$ 4,811,690	\$ 4,413,990
Municipalities	<u>2,831,051</u>	<u>2,831,051</u>	<u>2,670,201</u>
	<u>\$ 7,645,744</u>	<u>\$ 7,642,741</u>	<u>\$ 7,084,191</u>
	<u>\$ 312,118,962</u>	<u>\$ 340,062,232</u>	<u>\$ 377,018,238</u>

REVENUE AND EXPENDITURE - 1964-65

Until the books of the Province are closed after the end of the fiscal year it is not possible to give a final analysis of the results of operation in that period. On the basis of known experience, we can, however, make some reasonable estimates of the final position.

Revenue

At the time of the consideration of the Budget a year ago we estimated total revenue for the year at \$151,761,000. It is clear that this will be substantially exceeded and will likely equal \$163,000,000 after taking into account changes made at the Special Session.

The main sources of increases from the original estimates are:

Gasoline Tax	\$ 2,600,000
Motive Fuel Tax	1,170,000
Tobacco Tax	1,440,000
Succession Duties	377,000
Equalization and Guarantee	1,615,000
Revenue Act - PART I	1,380,000
Transfer of Prior Year's Surplus	1,206,721
Liquor Control	1,200,000
Automobile and Drivers' Licences	1,500,000
Unemployment Assistance Agreement	200,000

The only significant decrease was in Income Tax for Corporations, which was off by \$1,957,000 from the expected level.

Expenditure

Present indications are that there will be a surplus of about \$10.5 million from the previous year. In accordance with the appropriate section of The Treasury Act this will be carried forward and used for 1965-66 current purposes. Let me repeat that because it is very hard to get this idea into the heads of some honourable gentlemen opposite. This will be carried forward and used for 1965 current purposes. This closely matches the carry-

(MR. ROBLIN, cont'd). . . . forward from the previous year into 1964-65, of \$11.2 million. This practice has the advantage of stabilizing our revenues from year to year. And I will repeat that sentence again. This practice has the advantage of stabilizing our revenues from year to year.

Expenditures were about \$1 million over the amount originally estimated.

REVENUE AND EXPENDITURE - 1965-66

Revenue

After a year of high economic activity such as we have just experienced, it is not easy to estimate the probable results for months ahead. However, as I have noted earlier, we look for a year of continued prosperity, although there are undoubtedly factors present in the international balance of payments situation that could have some effect on these prospects. Our estimates are based on the assumption of continued activity and upon our accumulated knowledge of the effects of economic conditions upon our various revenue sources.

For the fiscal year ending March 31, 1966, we are forecasting a total revenue on current account of \$185,477,152.

By categories the principal increases over the original estimates for the previous year are:

Gasoline Tax	\$ 6,100,000
Motive Fuel Tax	3,100,000
Tobacco Tax	3,300,000
Income Tax - Individual	3,664,000
Equalization and Guarantee	3,661,000
Succession Duties	452,000
The Revenue Act - PART I	4,000,000
Transfer of Surplus	437,196
Water Power Rentals	406,500
Liquor Control	3,100,000
Mining Royalty Tax	1,530,000
Automobile and Drivers' Licences	4,075,000
Unemployment Assistance Agreement	800,000

The increase in gasoline tax is due to natural growth and improved collection methods as well as to the higher rates effective last October. The same reasons apply in the case of motive fuel revenue.

The tobacco tax increase is due entirely to higher rates. The individual income tax increase is attributable to the increased share by 3 percent of the federal tax over the previous year as well as a higher base. Equalization and guarantee reflect this same position. Succession Duties are largely unpredictable but reflect the increased share of 25 percent of the total. Part I of The Revenue Act covers the revenue obtained from taxation of electric power, telephones, natural gas and steam. Liquor control, mining royalties, and automobile and drivers' licences all reflect the rate changes as well as growth, although in the latter case the fact that 1964-65 was not a licence year for drivers accounts for a good part of the increase.

Some fall-off in revenue can be anticipated under a few heads, the principal ones being:

Income Tax - Corporations	\$ 1,303,000
Normal and General School Fees	182,215

The drop in Corporation Income Tax receipts is due to an over-estimate in 1964-65 more than made up by higher equalization payments. School fees will be reduced for the forthcoming year by elimination of the Grade XI examination fee. Normal School fees will become part of the University of Manitoba revenue in the coming year.

Expenditure

My earlier remarks dealt with some aspects of departmental expenditures and the Ministers will be discussing these proposals in detail in Committee of Supply. Total expenditures on current account will be \$185,238,167 - an increase of \$33,635,982 over the Main Estimates of last year. Of this increase about \$24 million is due to the new programmes plus current growth, to shift the burden of taxation from the local taxpayer to the broad provincial tax base.

(MR. ROBLIN, cont'd).....

Once again I am able to report an increased part of our current expenditure is devoted to capital purposes. Last year over \$13 million was allocated. This year \$18,158,875 of capital works are so charged and will thus not become a part of our debt. This is the highest amount so voted in the Province's history.

On the basis of these estimates, there will be a surplus for the coming year of \$238,985.

CAPITAL PROGRAMME

By careful management, I have been able to restrict our loan programme for direct provincial purposes. We will be seeking additional authority for provincial requirements for the Assiniboine River Developments at Portage and Shellmouth, for Agricultural Research and for the highway programme. There will also be requirements for the Telephone System, the Water Supply Board, the University and for the new Liquor Control Commission Warehouse. The Agricultural Credit Corporation will be needing additional funds to carry their programme forward.

I cannot emphasize too often that while we must always endeavor to exercise prudence and restraint in the accumulation of debt, we regard this, properly applied, not as a liability but as an investment. Our progress demands many things that can only be obtained in this way. It is only thus that we can fulfill our role as a partner in Manitoba's economy.

DOMINION-PROVINCIAL RELATIONS

At the end of March 1964, the plenary session of the Dominion-Provincial Conference reconvened in Quebec to continue the examination of the mutual problems of Confederation which have been so prominently in our minds in recent years.

There were two main results of this meeting. A full study in depth of our fiscal relationships was agreed upon and the Federal-Provincial Tax Structure Committee was formed. Secondly, and of more immediate importance, was the announcement following the Conference, that Canada was prepared to increase the provincial share of the individual income tax from 19 percent of the federal tax for 1965-66 to 21 percent; and from 20 percent for 1966-67 to 24 percent. In 1965-66 the increase of 2 percent in the provincial rate is equal to about \$2.2 million on the basis of present calculations.

There was a further development which is not only of important fiscal interest but may have long-term effects on the future form of our inter-governmental relationships, and I refer to the examination of the whole field of conditional grants and shared-cost programmes. These have been of increasing importance in recent years and while they have had our continuing attention, some of the fundamental problems have yet to be resolved. While it is obvious that the final solutions must await the report of the Tax Structure Committee, at Quebec's request the matter was referred for immediate consideration.

During the Summer, discussions were held in Ottawa, in which this Province participated, with a view to developing some interim solution that would meet the desires of any province for a much greater degree of self-determination in these joint programmes. I should make it quite clear that our position was, and remains, that while Manitoba has not always been happy with the form of these arrangements we have recognized their value and are interested in their retention in a form that will make for greater efficiency and that will provide broader room for provincial activity and initiative.

The results of these discussions are incorporated in a bill which was brought before Parliament in December. Briefly, it provides for an interim solution referred to generally as "contracting out". It would seem likely that this will have interest only for Quebec in nearly all cases. Under the proposed procedure, programmes will be divided into two main groups. In the case of those of particular and continuing significance, such as Hospital Insurance, Old Age Assistance, Unemployment Assistance, Health Grants, etc., a province that elects to "contract out" will be compensated by an additional provincial abatement of the federal personal income tax which it may then apply on its own behalf. In the case of more specialized programmes, hospital construction, resource roads, forestry agreements and the like coming under this heading, there will be an adjustment by way of special cash payments.

Due to the difficulties of directly relating additional tax abatements to the actual costs involved in the transfer of responsibility, adjustment of the equalization payments may often be required. A prime condition of "contracting out" agreements will be the continuation of the programme by the province concerned on substantially the same basis as now exists during the interim period.

(MR. ROBLIN, cont'd).....

The concept of "contracting out" with tax abatement or cash compensation is a recent development with application so far in the field of university grants and in the Province of Quebec only. Manitoba views this new proposal with mixed feelings. We recognize particularly its threat to the continuing idea of a national standard of services and note its administrative difficulties. We shall probably not contract out ourselves and do not recommend it as a general proposition to the people of this Province. But it may, perhaps, be one practical way of easing areas of current federal-provincial friction and of reconciling the conflicting views on areas of concurrent interest and jurisdiction between the government at the center and the provinces. Through this idea of contracting out, we may find ourselves able to meet the rather special requirements of a province like Quebec, through options open to all, even though most may have no wish nor interest in invoking them. For this reason, I judge the experiment worth the considerable risks that are attached to it and hope that in it may perhaps be the seeds of an effective formula that will strengthen rather than weaken the bonds of Confederation.

I remarked earlier on our success last April in persuading the Government of Canada of the urgency of our needs, with the result that a further adjustment in our financial formula for the last two years of the present agreement was forthcoming.

The change is certainly acceptable and we welcome it. But it is by no means sufficient to meet the growing demands for provincial and local services to which I have referred. Manitoba appreciates that there are practical limits to the Federal Government's ability to transfer additional revenue sources to provincial control and at the same time make the necessary adjustments in equalization. But we do not believe this point has yet been reached or has been sufficiently considered in relation to the pressures of relative demands for public services. Pending the findings of the Tax Structure Committee and their translation into real financial terms, we will continue to press for a division of tax resources on a basis more consistent with the present and developing level of public responsibilities. Indeed, I have asked the Prime Minister for an early conference on this point.

With the upsurge in the economy in the past year, we can anticipate more fruitful returns from our financial arrangements with Canada. In the year ahead, with the increased rate of return in individual income tax and with the buoyancy of the economy, we anticipate an increase of \$6.3 million over the revised estimate for 1964-65. This is after taking into account the reduction of 16 percent in the special provincial surcharge on individual incomes now benefitting all Manitoba income taxpayers.

CANADA-MANITOBA TAX COLLECTION
AGREEMENT & FISCAL ARRANGEMENT REVENUES
(In Thousands of Dollars)

	1964-65 <u>Revised</u>		1965-66 <u>Estimated</u>
Personal Income Tax	\$ 19,221	(18%)	\$ 23,546 (21%)
Corporation Income Tax	14,701		15,289
Succession Duties (Estate Tax 50%)	<u>2,499</u>		<u>2,549</u>
Total Standard Taxes	\$ 36,421		\$ 41,384
Equalization and Guarantee	\$ 19,246		\$ 21,292
Additional Estate Tax Allowance (25%)	<u>1,250</u>		<u>1,275</u>
Total, before Hospital Service Charges	\$ 56,917		\$ 63,951
Provincial Surtax on:-			
Personal Income Tax (1)	\$ 6,407		\$ 5,606
Corporation Income Tax	<u>1,633</u>		<u>1,699</u>
	<u>\$ 64,957</u>		<u>\$ 71,256</u>

(1) 6 percent of Federal Tax in 1964-65;
5 percent in 1965-66.

(MR. ROBLIN, cont'd).....

TAX POLICY

The limits of fiscal policy in the provincial sphere are fairly well defined by our constitutional powers. Provinces, lacking the broader financial resources and the control of money and credit, must to the best of their abilities match their expenditures to the available revenues.

With ever-widening demands for public services always pressing upon their financial judgements, provincial and municipal governments, more often than not, have been faced with some serious difficulties in implementing their policies and meeting the demands placed upon them. Unfortunately, from our point of view, as the Economic Council of Canada reports, the currently rising Gross National Product is reflected more in federal tax returns than in provincial or municipal. To the extent the provinces enjoy a junior partnership in the personal and corporation income taxes they do benefit, but in many revenue sources the response to the growing Gross National Product is less pronounced.

For a number of years this Province has had, and still has, a tax system which is among the most modest in Canada in terms of its impact upon the taxpayer. Some, of course, profess to believe that taxes should be lower, apparently without any regard to the proper functions and responsibilities of government in our modern society. This negative attitude was a main factor in retarding Manitoba's growth in the past and our people have learned to reject it. Our philosophy of government is that it has large and continuing responsibilities for human betterment and for provincial economic investment and development. Applied with due care to priorities, balance and pace, our progress reflects this policy and remains within the reasonable tax capacity of our economy.

Despite the views still held by a few, I am satisfied that the majority of our people approve of the concept of government as a partnership, working with people in initiative and enterprise in building our future. This is directly opposed to the concept of government as a caretaker.

There is, I believe, a real sense of accomplishment in the fact that we have been able to so successfully bring these policies to reality in the past eight years while maintaining the relatively modest tax base we enjoy.

If there is any doubt as to our favorable position the following statement of per capita all-inclusive tax costs to the citizens of Manitoba as compared with other provinces is of interest. This table shows the per capita tax costs of government in Manitoba by adding to provincial taxes the municipal and school taxes incurred. A comparison with the other larger provinces of Canada follows:

<u>PER CAPITA TAX BURDEN- PROVINCIAL COMPARISON 1964</u>						
	<u>Que</u>	<u>Ont</u>	<u>Man.</u>	<u>Sask.</u>	<u>Alta.</u>	<u>B.C.</u>
Municipal and School Taxes	\$ 78.51	\$ 119.67	\$ 88.75	\$ 102.84	\$ 105.70	\$ 86.16
Provincial Taxes	145.86	153.64	103.39	127.70	67.65	146.25
Combined Provincial-Municipal	224.37	273.31	192.14	230.54	173.36	232.41
RANK	4	1	5	3	6	2

Note: Based on latest Dominion Bureau of Statistics data adjusted in the case of Manitoba for budgetary changes at Special Session, August 1964.

I have to report, however, that the Province of Alberta is below us, but it doesn't make me feel too badly because yesterday I saw that the oil and gas revenues for the Province of Alberta came in this year at \$188 million more than all the taxes raised in the entire province of Manitoba --from that one natural resource. They've got a provincial budget of \$500 million, and \$188 million of it comes from oil and gas, which the good Lord put there, and that's more than all the taxes we raise in this province of ours.

And here's an interesting point that I want to drive home. In this our relative position is unchanged since 1958 except that for obvious reasons, Alberta has now the lowest per capita tax burden. Unchanged since 1958 in our relative position.

It was in line with this policy of tax containment that we brought down some important financial measures at the Special Session of the Legislature last August. Honourable

(MR. ROBLIN, cont'd). Members will recall that at that time the Government was presented with a recommendation by the Michener Commission for a retail sales tax of general application. While we valued the advice and gave it lengthy consideration, there were a number of reasons which brought us to the consideration of alternative measures. And this led to the conclusion that a retail sales tax was not in the public interest at that time.

Basically we rejected the imposition of a new form of tax because our whole fiscal structure was and is under detailed examination by several federal and provincial Royal Commissions and by the Federal and Provincial Governments through the Tax Structure Committee. In such a time of flux new departures of such importance as a retail sales tax of general application were not considered wise. With these reports our present tax system, federal and provincial, might prove to be obsolete, depending on the results of the studies to which I have referred and the actions taken to implement them.

We believed then, and we continue to hold that view now, that the impact of the changes made at the Special Session on the people and the economy of this province is much to be preferred to that of a retail sales tax of general application affecting nearly the whole gamut of our consumption.

The primary aim of this operation was not to raise revenue for provincial expenditures as such but to enable the massive transfer and shift of the tax burden from the local taxpayer to the broader provincial tax base. These shifts include a \$10 million school tax rebate by which 64 percent of all properties will have their school taxes cut in half and almost all the others will have their taxes reduced by \$50.00; a provincial road and drainage system to effect a clear-cut division of responsibility between the province and the municipalities at a cost to the Province of some \$6 to \$7 million a year; a six-fold increase of provincial grants-in-lieu of taxes, whereby for instance Winnipeg City stands to gain about \$650,000 yearly; and an increase of some \$1 million in our support to the Metro street system. These and other improvements should help municipalities to hold the tax line.

The year 1965 will see the working out of these changes which we believe will provide a more equitable distribution of tax responsibility and reduce the tax pressure on local government taxpayers .

TAX REDUCTIONS

Now I come to an interesting part of this address which is entitled Tax Reductions. You will be asked to repeal Part II of The Revenue Act - the Land Transfer Tax. The Government undertook not to proclaim Part II until further studies had been made. After full consideration of all the circumstances, and I interpolate one of those was the 11 percent federal sales tax on construction materials for homes, etc. , it has been decided that the tax in its present form should not be proceeded with. Instead, consideration is being given to revising the schedule of land title fees, which revision will have the effect of increasing revenue by a small fraction --I emphasize that-- of the revenue being given up.

This, added to the reduction of 16 percent in the personal income tax surcharge which is effective for the present tax year, 1965, provides a substantial measure of relief to the Manitoba taxpayer.

Other tax changes include an amendment to the Income Tax Act (Manitoba) 1962, to provide for a tax credit for corporations having foreign investment income, to match that now provided for individuals. This is necessary to meet the credits now allowed under federal law and is being recommended to the House as part of the standard income tax procedure under which our collector agreement operates. It is also our intention to provide direct exemption from tax on motive fuel presently used by farmers, etc. This at present bears a 1¢ levy subject to refund. A change will also be made in the school tax rebate by eliminating the December 31 deadline for tax payment as a qualification for grant purposes.

CONCLUSION

And now I come to the last page. I have presented to you what I think you can all agree is a picture of a very satisfactory year. In 1964 we attained, and in some cases even exceeded, the development targets at which we had aimed and I am optimistic about the future. We have in Manitoba a situation that is very close indeed to full employment and the wide range of effective government programmes designed to this end have been important factors in our movement forward.

But if our present situation and prospects are pleasing, there can be no room for complacency. We have not yet reached that rate of growth which will enable us to keep pace with

(MR. ROBLIN, cont'd). the forward progress of the nation as a whole. In all reality we must accept the need to work a bit harder to achieve what may come more easily to those more heavily endowed.

Our task in the future must not only be to work hard toward our own destiny but in this co-operate in every way with the other Governments of Canada in developing and implementing effective policies that will give this country and this Province the balanced regional growth so necessary for full national development.

It is with such an opportunity and challenge that this budget is concerned. Success will not come easily and will require the full and continuing energy and co-operation of all sectors of our economy if our goals are to be realized. To this objective we will continue to devote our best efforts.

Madam Speaker, I move, seconded by the Honourable Minister of Industry and Commerce, that Madam Speaker do now leave the Chair and the House resolve itself into a Committee to consider of Ways and Means for raising of the supply to be granted to Her Majesty.

MADAM SPEAKER presented the motion .

Continued on the next page.

MR. PAULLEY: Madam Speaker, before you put the question, I wonder if I might direct a question to the Honourable Provincial Treasurer. How can you reduce what has not been imposed? And I'm referring to the Land Transfer Tax that you, in your remarks just concluded, said was to be a reduction in taxation.

MR. ROBLIN: I would like to repeal the tax, and I think those who might be affected will consider it to be a very handsome reduction indeed.

MR. PAULLEY: Madam Speaker, no reduction. It was never imposed so it could not have been reduced.

MADAM SPEAKER: All those in favour. . . .

MR. MOLGAT: Madam Speaker, I beg to move, seconded by the Member for Lakeside, that the debate be adjourned.

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

MADAM SPEAKER: Second readings.

MR. GRAY: entitled to a holiday today after listening for so long. I would respectfully suggest that the First Minister adjourn the House until tomorrow afternoon.

MR. ROBLIN: Madam Speaker, I suggest that we take the Order for Returns, the two Order for Returns on the Order Paper, and then proceed to the Second Readings.

MADAM SPEAKER: Order for Return standing in the name of the Honourable Member for Portage la Prairie.

MR. GORDON E. JOHNSTON (Portage la Prairie): Madam Speaker, I beg to move, seconded by the Honourable Member for Assiniboia, that an Order of the House do issue for a Return showing: 1. Was the amount of \$132,266.73 shown on page 206 of the Public Accounts of the province for the year ending March 31st, 1964, as being paid to Camp and Associates Ltd., Dalton K, Toronto, Ontario, paid to a corporation, firm or individual? 2. What is the name of the "corporation", firm or individual to whom the payment was made? 3. What services were rendered by said corporation, firm or individual for this payment? 4. To what department or departments were these services rendered? 5. What was the opportunity of performing these services open to other corporations, firms or individuals (a) by public tender (b) by competitive bidding (c) or otherwise? 6. Were the services to be provided covered by a written agreement, or outlined in a call for tenders or similar manner? If so, a copy of said agreement, calls for tenders, etc.

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

MADAM SPEAKER: Order for Return standing in the name of the Honourable the Member for Rhineland.

MR. FROESE: Madam Speaker, I beg to move, seconded by the Honourable Member for Brokenhead, that an Order of the House do issue for a Return showing: 1. What provincial powers were passed on to the Federal Government during World War II? 2. What powers have since been returned in total? 3. What powers have since been returned in part? 4. What powers are still retained by the Federal Government?

MADAM SPEAKER presented the motion.

MR. EVANS: Madam Speaker, the government will undertake to answer this question insofar as the information is available. We have not had an opportunity to give it complete study, but we will undertake to provide all the information that is available on the subject.

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

MADAM SPEAKER: The adjourned debate on the second reading of Bill No. 3. The Honourable the Member for Rhineland.

MR. FROESE: Madam Speaker, I adjourned the debate on the bill the other day. I hadn't had time to peruse it, but I've since had time to do so and I have a few comments to make at this time. When I read Section 10 of the bill, certain sections empower a local municipality to engage a health officer, but once he's engaged, the power to dismiss him is not there, or at least not complete. The Minister then has the right, if the Municipal Council once dismiss him, to rule that he may stay on and that there is also a board which will pass a decision and the decision will be binding. I am not sure -- was this power in effect before? Is this a new clause in the bill? I would like to know from the Honourable Minister just what the case is. Then, too, under that same section, does every municipality in this province have a Health Officer under Section 6, I think it is? It empowers the Minister to appoint such officers if they do not have one. These are two of the clauses that I was interested in. I

(MR. FROESE cont'd.) checked the other sections of the bill but I will await with commenting on them until we come to Committee.

MR. WITNEY: Madam Speaker, if there are no other comments, I would like to close the debate. In answer, Madam Speaker, to questions proposed by the Honourable the Leader of the NDP. He asked a question about the portion of the bill referring to the inspection of all public places and institutions. This is a power that has always been contained under The Public Health Act, but in the regulations. Now the powers are being spelled out in the body of the bill itself, and it is needed because we must check on food establishments; we may have to check on communicable diseases and that type of danger to the health of the people. He further asked if a municipality must appoint an M. O. H. as contained in the bill, if this section is new. This section has always been in The Public Health Act and is not a new section. With respect to that, in answer to the question from the Honourable Member from Rhineland, there are Medical Officers of Health in every municipality at the present time.

The Honourable Member for Neepawa referred to Lab and X-Ray Health Units expanding over the whole of the province. We are in the process and have come very close to completing establishing another health unit in the southwest corner, and these units will be expanded as fast as we are able to get staff and the financial resources. He also referred to blood samples being frozen, and there was an article in the newspaper about this problem. I had it investigated and found that the problem came mainly from northern areas and occasionally from the city. The containers are clearly labelled "Keep Away from Heat and Cold" and the problem is a seasonal one. I am also advised by the Provincial Laboratory that in relation to the total amounts of blood taken, the amount of spoilage is very little, and they consider that it is not significant. There is no way of telling at what point the freezing of the blood samples does take place, whether it takes place in the doctor's car, the delivery car, the airplane or the truck, etc., but at any rate as a result of the comments that have been made, the department is increasing its vigilance to try to overcome the problem if there is one beginning to develop.

There were comments made about the Manitoba Medical Service, and I can only comment at this time that the Manitoba Medical Service operates under an Act of their own, but they have been fulfilling their commitment to liaison with the government at any time the changes might be made.

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

HON. OBIE BAIZLEY (Minister of Labour) (Osborne): presented Bill No. 4, an Act to amend The Fire Departments Arbitration Act, for second reading.

MADAM SPEAKER presented the motion.

MR. BAIZLEY: Madam Speaker, the purpose of these amendments is to require a municipality which passes a by-law changing the date for the giving of notice to commence collective bargaining, to notify the other party to these negotiations of the change of date. Now, at the present time, the Act does not require notice to be given; and it will also extend the time limit for an award of arbitration beyond a specific date where the Minister may have to refer an award back to the Board for clarification, consideration or amplification.

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

MR. McLEAN presented Bill No. 13, an Act to amend The Summary Convictions Act, for second reading.

MADAM SPEAKER presented the motion.

MR. McLEAN: Madam Speaker, there are a general matters covered by this bill. The first has to do with the payment of parking fines and similar minor offences by consent. This amendment arose because of a regulation pertaining to parking in one of the regulations, and it was felt by the Committee on Regulations and Orders that it thought this particular provision ought to be provided by way of legislation, and so from the Regulations and Orders Committee the matter was referred to the Law Reform Committee, who have approved of the legislation which is contained in this bill, and as I have said, it provides for the payment of fines in matters of a minor nature by consent. It should be pointed out that the provision only applies where an Act of the Legislature, that is, a specific statute of the Legislature, provides that this particular provision will apply to that statute. There is a second matter covered by this bill, namely, a provision respecting the Liquor Act, which provides that -- dispenses with the obligation of having court reporters at all proceedings arising under charges under the Liquor Act, and in this respect charges under the Liquor Act, so far as court reporters are concerned, would be dealt with as all other cases are dealt with.

MR. T. P. HILLHOUSE, Q. C. (Selkirk): Madam Speaker, I do not wish to oppose the second reading of this Act nor do I wish to oppose its going to Committee, but to me it appears that this section, Section 4 (a), may be enacted as a convenience to people, but I am of the opinion that it may be charged with latent possibilities of injustice. What I have in mind is this, that with the average individual today who is charged with an offence under any provincial statute or under any Act at all, it's sometimes exceedingly difficult for that individual to understand what his rights are, and if this individual has simply been given a card by a policeman and told that if he wants to voluntarily dispose of this matter he can come down to the police court and plead guilty, there is a danger that that may result in a practice, through carelessness, and the individual is not advised of his strict rights. I feel that we should go very, very gingerly on this type of legislation. It may be all right for parking tickets where a man knows that he is liable for this particular fine, but there is a danger in extending this to all offences under provincial legislation, or those offences under provincial legislation where the Act itself makes this section applicable, and for that very reason I feel that we must take a very close look at this section and see that we are giving proper safeguards to those people who are being charged or who are being given those tickets.

MR. HRYHORCZUK: Madam Speaker, I agree with the argument of the Honourable Member for Selkirk and I think I'd go just a little bit further than what he has gone. We don't know what the intention of the government is insofar as to what Acts or Statutes this particular provision is going to apply to, but there is the possibility that it will apply to The Traffic Act, The Wildlife Act, maybe some of our Health Acts; and I, like the Honourable Member for Selkirk, am afraid that the idea of making it convenient for an alleged offender to go and pay a \$5.00 fine may have repercussions that are most undesirable. I feel that we have some police officers and conservation officers in the Province of Manitoba today who advise and influence alleged offenders to go and enter a plea of guilty. I don't think that is a good practice, and I think that with provisions of this nature that practice would be bound to be enlarged. You may have congestions in certain cities where it takes a little time for an alleged offender to go before the Court and be found guilty or not guilty, or enter a plea of guilty, but this doesn't apply to all of Manitoba. There certainly must be other ways in which you can facilitate the payment of a fine without setting out the kind of provision that you have here in this particular Section 4(a).

Now, I don't want to impute that there is a possibility in Manitoba of the kind of enforcement that we are told exists across the line where speed traps are set up and so forth, and a person is stopped by an enforcement officer and he says you are guilty of speeding -- if you want to go and plead guilty you can go to such and such a place and pay your fine, and if you would prefer to not plead guilty then maybe you'll have to wait two or three days before your case can be heard. Now there are a lot of dangers in this particular provision, and I think we should be very, very careful that the innocent don't go and plead guilty simply because of a matter of convenience, and I am quite sure that there are any number of people today who are innocent of the alleged charge enter a plea of guilty because it is just impossible for them to wait two or three days before the case can be heard in Court, and we shouldn't encourage that. If anything we should discourage it, and I am very, very strongly opposed to this measure because the results can be far-reaching and be the kind of consequences that we certainly don't want to see in the Province of Manitoba. I have no doubt that it will ease and hasten the flow of money into the coffers of the Provincial Treasury, but certainly that shouldn't be our first consideration.

I am not too enamoured of that \$5.00 fine either. I don't think that a minimum fine of \$5.00 should be set. I would rather think that we should have a maximum fine put in there, not a minimum fine, because some very minor offence where it doesn't amount to anything at all, the alleged offender will have to go in and pay \$5.00. The Justice of the Peace has no jurisdiction to reduce that, nor can he reprimand the offender if he sees fit that a reprimand is in place instead of a fine. I think we should have a maximum on that particular clause and not a minimum fine. Taking all this into consideration I, for one, would suggest to the Honourable the Attorney-General that he withhold this bill -- not ask for the passing of second reading on it, because I think it deserves another good look before it is voted on by this Assembly.

MR. FROESE: Madam Speaker, I heartily agree with the previous speaker because I know of instances where people ran into trouble, how they created an offence and then were advised to plead guilty, and after having done so they found that they were trapped because

(MR. FROESE cont'd.).....they lost their licenses; the licenses were suspended, and the result because of pleading guilty what could they do afterward? It is very hard to get back your licenses once they are suspended, and this has happened not only once. I have known of several cases; and I certainly wouldn't want this to be furthered through any legislation that we might bring in at this time.

MADAM SPEAKER: The Honourable Member for St. John's.

MR. SAUL CHERNIACK, Q. C. (St. John's): Madam Speaker, it's not clear to me just what is really intended in this section. I think that the questions raised by Honourable Members are valid and need answering and need detailed study. I don't even know whether this section gives the right to a person who may be charged to go in and pay his fine quickly without giving the Crown an opportunity to decide whether or not they want to charge him. I even doubt if the Honourable Member who last spoke is right in suggesting that this section would bring about other consequences, because I don't think that this would include a plea of guilty. Therefore I don't think that this could involve a loss of license and I don't think that this would end up as an offence, but I don't know what the Honourable Minister really intended this to mean. As I see it, a person who knows that he is likely to be charged may, if the section applies, get to appear before a police magistrate and pay an amount of money equivalent to a minimum and thus avoid a charge being laid against him, and obviously a record being established against him. I think this should be clarified, just what it is that the Honourable Minister hopes this means and then for us to decide what it really does mean, what he thinks it does. May I also ask him to clarify whether or not this would involve any right to the police magistrate to add costs to any of the fine involved, because I am still not clear on whether or not justices of the peace get paid on a piece work basis or whether they are salaried, and if they are on piece work then possibly the problem would arise in this case. Possibly this, too, could be one of the questions that could be answered.

MR. SCHREYER: Madam Speaker, very briefly I would ask the Attorney-General if he doesn't get the impression himself when he reads this bill that we're being asked to provide for rush hour justice in this particular section.

MR. NELSON SHOEMAKER (Gladstone): Madam Speaker, I was very glad to hear my honourable friend the Member for St. John's admit that he didn't know what the bill was all about. I don't profess to be a learned man in this regard, and I don't know what it's all about, but it seems to me, Madam Speaker, that in the last three or four or five years I have heard altogether too many people say that they were advised by the strong arm of the law to plead guilty and get it over with. Now, Madam Speaker, by the nature of our business in Neepawa we have something like 3,000 automobiles insured. You can't have that many insured without having a lot of claims, and just last week-end a fellow came to me in the office complaining over the fact that he was advised to plead guilty to driving while impaired. I am not here to argue whether he was impaired or not, but he was advised to plead guilty and he went to Minnedosa and paid \$100.00 fine --(Interjection)--. Well he may have got off easy, Madam Speaker. He paid \$100.00 fine; he paid another fee of, I think he said \$50.00 to a lawyer who -- all he did was advise him to plead guilty, I think, and then--(Interjection)--. That's about usual practice for a lawyer -- and then he said, "Give me another \$20.00 plus another \$50.00 and we will go into the Appeal Board in Manitoba and see if we can't do something about this". Well, Madam Speaker, it always seems ridiculous to me to go up, plead guilty today, pay your \$100.00 and then go somewhere to an Appeal Board tomorrow and say, "Well listen, I want to change my mind about this business yesterday. I pleaded guilty, that's true, but gosh now I've changed my mind -- I want to appeal against that". Well this seems to be doing things backwards, and I don't know whether this bill makes any provision for this or not, I don't know -- I'm at a loss to know.

To point up what I am saying here, and that is that there seems to be the practice of encouraging people to plead guilty, I want to tell you about a little incident that happened to myself. Didn't cost me anything; didn't cost me anything, Madam Speaker -- (Interjection)-- and would not have happened had I not been summoned to appear in the Legislature. On the day before we met, Sunday night, you will recall it was about 30 below. We have a suite down at the Palmer House. I drove up with my baggage in front of the Palmer House -- there's a sign there "No Parking Any Time " -- and --(Interjection)-- I read that; it says "No Parking Any Time", but I said well, it's 30 below and the wind's blowing. I'm going to unload this stuff into my suite, come down and move my car away or find out where I can park. Lo and behold, when I came down from the suite after carrying it upstairs here's a ticket on my windshield. Now I'll admit I parked there for ten or

(MR. SHOEMAKER cont'd). fifteen minutes while I unloaded my car. So, Madam Speaker, if I will be allowed to carry on and explain, I read the ticket and the ticket -- I'm sorry I haven't got it here but it said something like this, "If you wish to plead guilty, come on down and we'll take your money", and I went down on Tuesday morning and it was still about twenty-five or thirty below and the wind blowing and I drove around Rupert Police Station about four times trying to find a place to park and eventually had to park out on Main Street and I was getting madder all the time -- I don't mind admitting this. I walked into the Rupert Police Station and here is a whole row of wickets where people were there paying their money, apparently gladly, not arguing about it, until I come along, and a lady said, "Is there something I can do for you?" and I said, "Well I guess you can take my money according to what's written on this little slip I have here. You're quite prepared to take my money if I'm willing to part with it, but I'm not certain whether I want to plead guilty or not, now what do I do?" Well she said, "There's no use talking to me about it and you can go downstairs and complain to the fellows that put the ticket on". So I went downstairs and, Madam Speaker, as I said before, I guess there was a dozen lined up there, paying their money, I was the only one that was down in the cellar arguing with them. I was the only one and I asked them this simple question, told them the story, asked them the question, "What would you have done under the same set of circumstances?" And the officer said, "Well we have no objections to you parking there and unloading your car under those circumstances", and they said, "you made one error". I said, "Oh, what was that?" "You should have parked on the opposite side of the street." I said, "There's no parking there." "By gosh you're right," they said. And then he proceeded to tell me that maybe I was a little too long in unloading my car and I said, "Well I know for next time, but what am I going to do this time? What am I going to do about it this time?" "Pay it nothing", he said. He wrote it on there. He said, "Well that's fine and dandy, we'll let you off." So there he was. But, but I don't mind the two bucks but the way the ticket is worded it seems to discourage people from pleading their own case if they want to. I went down, and pleaded my own case and saved two bucks, or whatever it was, but I think that our laws should encourage people to plead their own case if they feel like it, rather than say, "Come on in fellows and we'll take your money". I think this is what they should do. That we should be encouraged to plead our own case if we want to rather than say, "Come on in and pay us your money". --(Interjection)-- Oh I wasn't there half as long as it's taken me to tell you about it. I don't mind saying that.

But I had another case in Neepawa just recently.

A MEMBER: Are you a member of the bar?

MR. SHOEMAKER: Haven't got the qualifications, Madam Speaker. I had a case the other day in Neepawa, and this happens dozens of times, where a farmer with a truck backed out from the curb and backed into somebody going down the street -- \$10.00 claim. So he came in and reported the accident to us in the insurance office, and he said, "Well we'll have to pay it, that's fine and dandy", and two or three days after that he gets a summons to appear in court for driving to the common danger or something of this kind. Well I went to see the police officer and I said, "Well, now what do you do? On Mondays do you fine them or is it on Fridays?" Because this is only one in 25 cases where I ever heard of them fined. Now I'd like to know -- he went and pleaded guilty -- he went and pleaded guilty, paid his ten bucks. But when do they decide that they're going to lay the charge? And why wasn't he encouraged to go and tell his own story, rather than say, "Oh well, you'd better plead guilty and get it over with". Now these are the things I'd like to know about, Madam Speaker.

MR. McLEAN: Madam Speaker, if there's no one else wishes to ask a question, may I say that I agree with all that has been said so far in this debate. I must congratulate the Honourable Member for Gladstone-Neepawa, I generally get in trouble in his constituency between Gladstone and Neepawa and I've never had the good fortune as yet that he has had. I think we mustn't get ourselves out of perspective on this bill. Let me say that it is perfectly true that used improperly this might have dangers, and unsatisfactory consequences. I direct your particular attention, however, to the fact that this arrangement only applies where an Act of the Legislature provides that it shall apply. At the present time no Act of the Legislature makes it applicable so that as of this present time it is not in force in practical effect, and I would expect that the members of the Legislature, and indeed I would expect that the Attorney-General would ensure that it was only made applicable under proper circumstances.

The Honourable the Member for Ethelbert Plains asked the question about something with regard to the \$5.00. That's simply a provision that all that can be applied under this provision

(MR. McLEAN cont'd.) is the minimum stipulated by the statute concerned or if no minimum is stipulated, then \$5.00, and I would read this to mean that this is a fine without costs. In other words -- the Honourable the Member for St. John's enquired about costs, I would say that there can be no costs assessed.

Members will also note that this is a voluntary appearance, of course, where there has been no information or charge laid, and under the circumstances I would say it would be improper to assess any costs in connection with it.

Now, may I relate again what led to this particular piece of legislation. The Department of Public Works had a regulation that said that any person improperly parking on these grounds, that is, the grounds of the Legislative Building, could be penalized. That was a regulation arising out of, I presume, The Public Works Act. That regulation came to the attention of -- and that regulation said just exactly what is provided here, namely, that persons found to be contravening that parking regulation could voluntarily pay a penalty and that would be the end of the matter. That regulation was brought to the attention of the Regulations Committee. The Regulations Committee said that inasmuch as the regulation imposed a penalty they didn't think that it was correct that it should be in the form of a regulation and that if it was essential to have this kind of an arrangement, that it should be provided by statute. The matter was referred to the Law Reform Committee who said that in their opinion this type of legislation would be the proper type of legislation. Now I would expect that if it was the intention to use this method in relation to the parking at the Legislative Building, that in perhaps The Public Works Act, or whatever would be the proper statute, that a provision would be enacted that would say that with regard to improper parking on the Legislative grounds that this provision would be applicable. Now let me not get into difficulty over my illustration, I'm not saying that the Department of Public Works is going to propose that legislation. I make no comment about whether people ought to be penalized if they improperly park around the Legislative Building and I don't want to get into that debate. I only give that as an illustration of a possibility of the use of this legislation. At this present time it does not apply to any legislation in force in Manitoba, including The Highways Traffic Act and we have no legislation that I am aware of coming before the Legislature at this session that will make this provision applicable. It will, however, if it meets with the wishes of the House become a provision that will be applicable and obviously it would only be applied in those very minor matters which at the present time are covered in many instances by municipal by-laws relating to parking meters and that type of thing.

The other matters about people appearing and pleading guilty and so on is not relevant to this discussion because in all of those cases, they are matters which have no relation whatsoever to the procedure that is set out in this bill and I agree with much that's been said, the best advice of course is always to get the advice of one's solicitor and proceed from there. But, I really think that's extraneous to this particular matter here.

MR. HILLHOUSE: Madam Speaker, May I be permitted to ask the Honourable Attorney-General a question. I understood him to say that this Act would apply to traffic tickets and so on like that. Now isn't it a fact that under the City of Winnipeg Charter today and under amendment which we put through in this House in 1964 to The Municipal Act, that that provision was incorporated so that the voluntary attendance before a J. P. was permitted to pay a parking ticket?

MR. McLEAN: I knew I shouldn't have tried to explain. I said, this provision would enable, under proper circumstances, the same thing to be done as may now be done under municipal by-laws respecting parking and such similar matters.

MR. HILLHOUSE: from that, that if this is permitted now under The City of Winnipeg Charter and under The Municipal Act, why do you need this legislation?

MR. SCHREYER: Madam Speaker, I would like to ask the Minister a question.

MR. EVANS: Madam Speaker, if my honourable friend would permit me, it does seem to me that we have allowed some latitude in the debate. When the Minister spoke for the second time he closed the debate. Honourable members had ample opportunity to ask all their questions and to make their points. Now I don't wish to curtail unduly any right that an honourable member has to speak. But I think that he might reconsider, both members might reconsider as to whether these questions could not have been raised at Committee stage or on subsequent stages of this bill.

MR. CAMPBELL: Madam Speaker, I'd just like to disagree with the position that the Honourable the Leader of the House has taken on the point of order because what the Honourable

(MR. CAMPBELL cont'd.) the Minister closes when he makes his speech is the debate on the bill and it has been an established practice here regularly used, Madam Speaker, that questions can be asked of any member of the House as they conclude their speech and this is quite a different matter from closing the debate on the debate.

MR. SCHREYER: Madam Speaker, I don't wish to debate. I obviously can't debate at this stage but I would like to ask the Minister a question and that is simply this. Did he wish to infer in his closing statement that this legislation if passed would not necessarily be used and might not be proclaimed for several months, and if so why bother having it before us?

MR. McLEAN: wish to make any inference at all, Madam Speaker. As far as I am aware it will -- the bill would become law when it receives Royal assent. I can make no speculation as to future legislation that might consider making it applicable.

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

MR. HRYHORCZUK: Madam Speaker, Yeas and Nays.

MADAM SPEAKER: Call in the Members.

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

YEAS: Alexander, Baizley, Beard, Bilton, Bjornson, Carroll, Cowan, Evans, Groves, Hamilton, Harrison, Hutton, Jeannotte, Johnson, Klym, Lissaman, Lyon, McDonald, McGregor, McLean, Martin, Mills, Moeller, Roblin, Seaborn, Shewman, Smellie, Stanes, Steinkopf, Strickland, Weir, Witney, and Mrs. Morrison.

NAYS: Barkman, Campbell, Cherniack, Desjardins, Froese, Gray, Guttormson, Harris, Hillhouse, Hryhorczuk, Johnston, Molgat, Patrick, Paulley, Peters, Schreyer, Shoemaker, Tanchak, Vielfaure, Wright.

CLERK: Yeas, 33; Nays, 20.

MADAM SPEAKER: I declare the motion carried. The second reading of Bill No. 15, the Honourable the Attorney-General.

MR. McLEAN presented Bill No. 15, an Act to amend The Animal Husbandry Act, for second reading.

MADAM SPEAKER presented the motion.

MR. McLEAN: Madam Speaker, if the members found the last bill difficult to understand, they'll find this one several times more difficult. The English Common Law, Madam Speaker, said that in order to succeed in the case of injuries caused by a vicious dog that the plaintiff complainant had to prove two things. First of all, he had to prove that the dog was in fact vicious, that is had a vicious propensity; and secondly, that the owner of the dog knew of this fact. Well, some years ago an English statute was passed to provide that neither of these were necessary in order to enable the plaintiff to be successful. It was thought that The Manitoba Animal Husbandry Act said that and for many years we have gone along under the assumption that we had in Manitoba the same statutory provision as had been enacted in England. Some time ago, however, the Chief Justice of the Court of Queen's Bench in Manitoba in a case that was before him said that he didn't -- in his opinion the Act didn't say that and our amendment that is now before the Legislature is to make it abundantly clear that what we have always understood to be the case, and what was intended to be said, namely, that for a plaintiff to succeed that he is not required to prove that the dog had a vicious propensity, and not required to prove that the owner of the dog knew of such a vicious propensity in the particular case.

MR. GRAY: Madam Speaker, there is a Biblical saying that if you see a dog and you don't know whether he is vicious or not, say a certain phrase. Then he asks how do I know that the dog understands Hebrew? How can you find out if a dog is vicious or not until he bites?

MR. HILLHOUSE: Madam, I appreciate the remarks of the Honourable the Attorney-General and I realize that the Section 27 in our Animal Husbandry Act was interpreted by the courts to mean something other than was intended. I think it was quite a number of years ago that the courts in British Columbia though ruled on this particular section in our Act which was the same as the section in their Act and they held that all that it did was to change the rule of evidence. In other words, the plaintiff did not have to allege but the defendant could still disprove a knowledge of the vicious propensities of the dog, but what I am interested in is this, Madam Speaker. I realize that this section only deals with the mischievous dogs, that is, Section 27 of The Animal Husbandry Act. But I am wondering why the government has not taken into consideration the advisability of removing the doctrine of Scienter from all domestic animals because the doctrine of Scienter does apply to other domestic animals.

MR. CAMPBELL: Madam Speaker, I have another point that I would like to consider here and I know it doesn't relate directly or specifically solely to this bill but it's one that I bring up frequently here. My honourable friend the Attorney-General said that the Chief Justice of the Queen's Bench, if I understood him correctly, had held that our law didn't do what we thought it did. Well, was that decision appealed, and if not, why not, because it's inconceivable to me that we spend as much time and exercise as many of our own talents here, plus those of the Legislative Counsel and other people who come to advise us and consider that we have an Act to do a certain thing that we want to do and then after a long time one man on the Bench says that this isn't the law at all, and it's quite likely that he may be right, but in these cases surely, surely this should be appealed and was this one appealed? I don't know when it happened even. Quite likely my honourable friend will tell me that it goes back to 1958 because that's the only date that my honourable friend the First Minister is interested in. He compares everything to 1958, but if this happened--(Interjection)--. Yes except the percentage of the interest payment to the expenditures. But if this happened in our time and I had heard about it I would have insisted that it be appealed but I don't--(Interjection)--Pardon--(Interjection)-- Why can't you? This -- let me instruct my honourable friend who used to be Attorney-General, and on the basis of the advice that he frequently gives this House it's good that he was removed from that position. The Legislature, the Executive Council, can refer any piece of legislation that it wants to and any question to the Appeal Court--(Interjection)-- Well if my honourable friend finds some way of arguing out of every question that comes along but the--(Interjection)--. Yes, that's all right. These questions could be brought to a higher court and I maintain that they should be because if this one for years and years was thought to say so and so and then we find out, on one man's opinion, that we proceed to change the legislation, I say it should go to a higher court and maybe this is not a matter that most of the people think is particularly important. I think it is important. I think it's very, very important because you have a lot of dogs -- and no reference to present company at all, you have a lot of dogs that are vicious, and you have a lot of children who are a lot more important than the dogs and I don't think a dog under those circumstances is entitled to his first bite because his first bite may go too far and this is an important question and one that I think should have been taken to a higher court. Make sure of what we're doing.

MR. MOLGAT: Madam Speaker, before the Minister closes the debate, I hope that he will give an answer to the Member for Selkirk regarding this matter of other animals. I certainly agree with what he is doing here and that the first essential is to protect the individuals who may be harmed by a dog in this case, but what is the situation with other animals who may be at present not covered by the Act that he's passing here?

MR. McLEAN: Madam Speaker, if I might close the debate, I think that with regard to an appeal the position is that this was a private case and that, of course, we would have no right to intervene by way of an appeal. I'm not -- while there is authority for referring statutes to the court for interpretation, that's not always a procedure that is welcomed by the court, as we had some reason to hear a matter of a year or two ago. I would be inclined to think that under the circumstances the more direct method is by way of an amendment to the law. However, that's a matter of opinion and I would certainly not dismiss the idea entirely, I think that the matter of referring legislation to the courts for interpretation has perhaps some difficulty attached to it.

Now with regard to extending the doctrine to other animals, I must confess that such an idea had not occurred to me, but perhaps if the members of the House would be prepared to support this bill, it might encourage us to look at the other animals as well.

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

MADAM SPEAKER: It is now 5:30 and I leave this Chair until 8:00 o'clock.