

## THE LEGISLATIVE ASSEMBLY OF MANITOBA

10:00 o'clock, Friday, February 10, 1967

Opening Prayer by Mr. Speaker.

MR. SPEAKER: Presenting Petitions.

MR. WALLY MCKENZIE (Roblin): Mr. Speaker, I beg to present the petition of the Co-op Credit Society of Manitoba Limited, praying for the passing of an Act to amend an Act to incorporate the Co-operative Credit Society of Manitoba.

MR. SPEAKER: Reading and Receiving Petitions

Presenting Reports by Standing and Special Committees

Notices of Motion

Introduction of Bills

MR. JAMES COWAN, Q.C. (Winnipeg Centre) introduced Bill No. 51, an Act to incorporate the Certified General Accountants Association of Manitoba.

MR. SPEAKER: Orders of the Day -- the Honourable the Provincial Treasurer.

HON. GURNEY EVANS (Provincial Treasurer)(Fort Rouge): Before the Orders, Mr. Speaker, I'd like to lay on the table a Return to an Order of the House No. 1 on the motion of the Honourable Member for Turtle Mountain.

MR. ELMAN GUTTORMSON (St. George): Mr. Speaker, I'd like to direct a question to the Provincial Treasurer. Will the collecting of the sales tax be optional to business firms? I see on an Osborne Street premises that the man has announced that he's not going to collect the sales tax when it goes into effect June 1st.

MR. EVANS: The answer is no.

MR. SIDNEY GREEN (Inkster): Mr. Speaker, I just noticed the other day that the Provincial Treasurer has an advertisement in the paper offering information with regard to the Education Tax. Since this appears to be a new type of service, I wonder whether the Minister is considering publishing a similar advertisement and offering similar information with regard to the new provincial sales tax.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, I'd like to direct a question to the Treasurer. Is the sales tax, the five percent sales tax, is it going to apply to the firefighting equipment because I know quite a few cities in Manitoba, and some municipalities, are quite concerned because they have set their budgets and they're not quite sure if this is going to affect their budget in respect to fire engines and so on. I understand this tax does not apply in Ontario.

MR. EVANS: Mr. Speaker, I would ask my honourable friends to hold questions of that type until I introduce the Sales Tax Act itself, at which time I think it will be clear and I'll be able to discuss it.

MR. PATRICK: Mr. Speaker, I wonder if the Honourable Minister would tell me when is that going to be?

MR. EVANS: Well, the answer that leaps to mind is shortly, but I know the way in which that answer is received - a matter of days only.

MR. GILDAS MOLGAT (Leader of the Opposition)(Ste. Rose): Mr. Speaker, I'd like to direct a question to the Minister of Education. Has he received any report yet from the Boundaries Commission with regard to the Interlake area?

HON. GEORGE JOHNSON (Minister of Education)(Gimli): Not as of this morning.

ORDERS OF THE DAY

MR. SPEAKER: Questions. The Honourable Leader of the Opposition.

MR. MOLGAT: Mr. Speaker, I wish to ask the following printed questions of the Ministry.

1. Does the Government intend to proceed with the construction of the control dam at the north end of Lake Winnipeg?
2. When is construction expected to start?
3. When is this control dam expected to be in operation?
4. At what average level is it intended to control the lake?
5. What has been the average level of the lake over the past 20 years?
6. What has been the maximum level of the lake in the past 20 years and on what date did this occur?

(MR. MOLGAT cont'd).....

7. What was the maximum level of the lake during the year 1966, and on what date did this occur?

8. What has been the recorded maximum wind effect on the lake level (i.e. how many feet of rise above the then normal level) and on what date did this occur?

9. How many acres of land were flooded during 1966 as a result of the high level of Lake Winnipeg?

10. What was the cost estimate of damage of all types done in the summer of 1966 by high water on Lake Winnipeg?

11. What was the cost estimate for the various types of damage, i.e., homes, crops, business establishments, etc.?

12. How much was paid out in claims for damage by the Manitoba Government?

13. What were the expenditures of the Manitoba Government for flood protection on Lake Winnipeg for the 1966 season?

14. How many acres of land will be affected by the construction of the proposed control dam?

15. What are the estimates of possible compensation costs as a result of the construction of the proposed control dam?

16. How much money has the Manitoba Government spent on the Grand Beach development to date?

17. How much more money does the Government expect to spend on the Grand Beach development?

18. What was the effect of high water in 1966 on the recreation areas, and in particular:

- (a) the Grand Beach project
- (b) the Victoria Beach area
- (c) the Winnipeg Beach area
- (d) the Gimli area
- (e) the Netley marsh area.

Mr. Speaker, I wonder if I might be permitted to add to that another - (f) the Patricia Beach area.

HON. DUFF ROBLIN (Premier)(Wolseley): Mr. Speaker, I know this is not a debatable item but I think I should point out that not all the information is known to us nor is it customary to give information on future policy, but apart from those stipulations we will do our best to answer the questions.

MR. SPEAKER: The adjourned debate on the proposed motion of the Honourable the Provincial Treasurer. The Honourable Leader of the Opposition.

MR. MOLGAT: Mr. Speaker, I want to thank the House for allowing this item to stand until today. I was researching some figures and I hope I now have them correct. One of the problems which this side of the House constantly faces is obviously the difficulty in getting the information due to the lack of research staff and facilities.

Now judging from the way in which my telephone has been ringing since the 6th of February and the comments that one hears across the province, I think that we could say that the 6th of February was in fact a very dark day in the minds of most Manitobans. The introduction of the sales tax is one that they will remember for some time. Having received many unfavourable comments I searched around to see if there were some people who might be happy as a result of such a sales tax, and with considerable difficulty I was able to determine a few groups that seemed to have some feeling of satisfaction, or at least were not as totally unhappy as the others. The individuals engaged of course in the sale of cash registers and business forms I think are going to be one of the beneficiaries. I'm told that there's a group of conservationists that have expressed some very definite interest in the sales tax coming in Manitoba, people like those for example concerned about the extinction of the whooping crane and these type of the various animals and birds, because it has been clearly shown now that any type of bird or beast, no matter how extinct, can in fact be brought back to life, because my honourable friend the Premier had, not during an election campaign, Mr. Speaker, not in the course of a debate but after an election - I'm a little wary about some of the promises during election campaigns but this was after the election - clearly stated that the sales tax in Manitoba was as dead as the dodo, and now it's back in Manitoba in full life, flapping around the province to the dismay of most people, I might add.

(MR. MOLGAT cont'd)...

Now there's another group, and I haven't been able to ascertain how wide this group is, who for some reason or other apparently don't like the Honourable the Provincial Treasurer or the Member for Fort Rouge, and they may be able to get some satisfaction out of this because I must confess that this sales tax puts him in an awful position. Here he is, his very first job after taking office as Provincial Treasurer, and he has to proceed and implement a salary increase and a large expense - free increase for his colleagues on the front bench - that's priority No. 1; and priority No. 2, Mr. Chairman, is to impose a sales tax on Manitoba. You know one would almost think that the First Minister has it in for the poor member for Fort Rouge. You would almost think that he's got some special reason why he wishes to make things difficult for this poor Minister, because here he's been Provincial Treasurer for eight years and suddenly when the sales tax is going to come in he loads it on the shoulders of this poor new Minister who has just taken office. You know that's a sort of a dirty little trick which you don't even play on your enemies, Mr. Speaker, and I think it's really most unfair to have done this to the Member for Fort Rouge here on his very first approach to the House as Provincial Treasurer.

Well, Mr. Chairman, my comments are not directed to the Member for Fort Rouge or to the Provincial Treasurer because I think the members in the House on all sides, the backbenchers on the far side as well as the people on this side, know where the responsibility lies. The Manitobans know too where the responsibility lies for the situation in which the province finds itself today; the responsibility lies squarely on the shoulders of the First Minister. He's been running a one-man show for eight years and no amount of diversion now is going to fool anyone as to where the responsibility really comes down. I note that one of the newspapers on their front page on announcing the sales tax didn't put the picture of the Provincial Treasurer, in fact they had the man responsible, the Premier of the province.

Now this situation, Mr. Chairman, and the blame for the mess in which Manitoba finds itself today - low incomes, lack of growth by comparison to other provinces in Canada, falling population and this constantly increasing tax load - cannot be shifted. No amount of shifting of portfolios is going to change that. The First Minister may as well accept that responsibility. Now the persistent rumours have it that he's going to leave Manitoba, he's going to take off for other parts. Well, be that as it may, there's no question about it that the people of Manitoba are the ones who are going to be left holding the bag. Unfortunately, too many of them are leaving Manitoba now. The reasons for their departure, Mr. Chairman, in large part fall back on the policies of this government or the failure of their policies to make this province the province that it can be and should be.

Now in past years, Mr. Speaker, it has been my practice to analyze the debts and income and expenditure figures in detail, and I have in past years as well made it a practice to read selected pieces from the literature of my honourable friend the First Minister because I have found that his past speeches are things that he should be reminded of, as well as his colleagues on the front bench, and I was tempted to do it again this year for the edification of the new backbenchers who have come in, because I can assure them that they would find a great deal of interest and could make some valuable comparisons if they wished to pursue those readings, but I won't repeat them in the House this time, Mr. Speaker. If there are any interested members, I'll be very happy to supply them with the appropriate quotations and the areas where they may find the information that they want.

The budget statement has a number of interesting comments in it and I will be referring to some of them as I proceed, Mr. Speaker. There's one of them which I thought needed some clarification possibly by the Minister of Health at some stage. It seemed to me that there was a very small statement here about the hospital premiums or the problems of hospitals. We've had some speculation that the government was going to introduce the five percent sales tax and also have a hospital premium increase. Well, we've got the five percent sales tax but there was nothing said, specifically that is, about hospital premiums.

However, we find on Page 28 of the budget, in the midst of other conversations, a little item, in fact the only one that I can see in the budget referring to the matter, and it says: "Since 1959 the cost of running the hospital program has more than doubled. Average per diem hospital costs have increased 88 percent. These costs continue to rise and this trend is giving considerable concern." And then we move on to other matters. But just the way in which that comes in the statement, Mr. Speaker, makes me wonder, is the government actually **thinking** - in addition to the five percent sales tax - is it actually **thinking** as well of proceeding with an

(MR. MOLGAT cont'd)....increase of premiums. If so, then I think that the House should be so advised. The inference appears to be there in the budget statement.

I am also going to forego, Mr. Speaker, the detailed analysis of the debt picture in the province, although I know that that's one of interest to the First Minister. I recall that some years ago, in fact when speaking on this very debate, and he sat on this side of the House - and this is back in 1952 - when the present First Minister in amendment to the Ways and Means motion on this very same debate proposed the following amendment: "That this House regrets that the government has failed to propose measures adequate to reverse our adverse population trend and has failed to display that economy in internal administration that they preach to municipalities, while at the same time are increasing the provincial debt of Manitoba to all-time high of \$175 million as estimated by the Provincial Treasurer as at March 31, 1953."

Mr. Speaker, this motion of amendment in 1952 would make an excellent text for a speech today in this House. It refers to the adverse population trend; it refers to the failure of economy in internal administration; it refers to preaching to municipalities about what they ought to do. One need only recall the comments of the Minister of Municipal Affairs some little time to the Metro government. These are all very much to the point today. It refers to a provincial debt of \$175 million which in the eyes of the present First Minister was a scandalous amount. Mr. Speaker, the present situation is very straightforward. Page 32 of the budget, the government again refuses to put the two figures together. It persists in saying that the net general debt has been reduced by \$14 million, and then purely in passing as a sort of an aside comment it says that the province finds it necessary from time to time to guarantee the debt of school districts, municipalities and so on, but this is really an incidental in their minds. We find that if we total the two together, and there's no question that you have to if you're going to arrive at what the province is responsible for - again, I don't want to read back to the First Minister his past speeches, but he knows what he believes on this himself - the facts are that rather than having a decrease in debt, when you add the general debt and the guaranteed debt we end up with an increase last year again of \$62 million, one-third in one year of the total that he was concerned about a few years ago, so that our total debt today stands at \$663.4 million as compared to \$601.3 million a year ago, and as compared of course to the \$175 million to which he referred some years ago in his motion.

The striking point however, Mr. Speaker, that comes out of this budget is the attempt by the government to shift the blame to Ottawa. It starts on the very first page, in fact they barely get to paragraph (2) before they get involved in the shifting, and paragraph (2) says, "The federal-provincial fiscal conference of recent months have also been determining factors in the preparation of this budget." From then on, Mr. Speaker, until the end of the budget speech some 37 pages later, we have a steady stream of statements that it's really all Ottawa's fault. We end up the conclusion with, on page 35, and I quote: "This budget has been framed in the restrictive financial circumstances imposed on the provinces and municipalities by the refusal by the federal government to share equitably the joint tax fields." So there we have it; it's all settled - no arguments - the villain here in Manitoba is not the Premier but the Provincial Treasurer, but then really it's none of them at all, the real villain and the beast is Ottawa.

MR. EVANS: Hear, hear.

MR. MOLGAT: There, that's the argument. I'm glad to see the Provincial Treasurer endorses it because he certainly states it frequently enough in his budget, and I was wondering if it was merely his experts who wrote the budget who had that view. I'm happy that he endorses it personally, so now we're four-square I think. The government's position is that it's the Provincial Treasurer's fault, and the Provincial Treasurer's position is that it is Ottawa's fault. All right. I suppose that that's a fair game to play, and I readily confess, Mr. Speaker, I'm not always happy with Ottawa. I'm not always happy with the policies that Ottawa proceeds with and I'm not afraid to stand up and say so here, or in Ottawa or anywhere else, and I intend to continue that practice.

I would like to see, for example in the field of regional development, some new approaches. I have stated that. I believe that in the field of agriculture there are certain things that need to be done, and I intend tonight to appear before the committee at the House of Commons which is making a tour through Canada and speak to them about the things that I think ought to be changed. I feel that at times the application of anti-inflationary measures by the Federal Government does not take into consideration the fact that the inflationary movements

(MR. MOLGAT cont'd)....are not even throughout Canada and that at times you get pressures of construction for example in areas like Toronto and Montreal, while the same pressures of construction, unfortunately, are not evident in Manitoba and in Winnipeg, but I don't think that the problems of the failure here is Ottawa's failure. I think that they may, when they apply these anti-inflationary measures, they may forget that there are regional differences and this I would like to change.

In the field of higher education, I am one of those who believes that we have reached the point where the national government has to consistently increase its expenditures in that area. We find ourselves, unfortunately again in Manitoba, where we are the exporters of trained people, regrettably in large part because of the failures of this government, but nevertheless that's the position that we're in. The Maritimes have found themselves to be in that position for a long time. One needs only to go through Canada to find out how many graduates from Dalhousie one finds scattered all through the country.

Well, I think we may have a claim, but, Mr. Speaker, this government in my opinion has been following exactly the wrong course if it's going to get attention by Ottawa and if the needs of the Province of Manitoba are going to be fairly dealt with. What does the government of Manitoba say when a municipality comes to it for assistance. Well, you know, we can't create a precedent, we've got to treat all municipalities alike. I think Ottawa frequently gives the same answer to the provinces. What then are we to do if we have particular problems. I think that we have to get our facts and figures and we have to approach Ottawa in a sensible and straightforward manner, not the carping, blaming, complaining attitude that the government is using, but let's get our facts and let's go to Ottawa and let's present our case. We won't always win it, it's true, but we've got a much better chance of winning it if we do it on a sensible basis.

So let's take for a moment this question of higher education, Mr. Speaker. What steps have the Manitoba government undertaken to date to ascertain how many people are leaving Manitoba in fact, and in what areas these people operate, that is, what are we losing in the way of technicians, in the way of professors, in the way of doctors, dentists and so on. Well, it seems that the Manitoba Economic Consultative Board has done some study on this because their report of last year indicated some inter-provincial calculations. On Page 34 they show typical annual migration among selected professional and semi-professional occupations and so on, and I believe the time has come to make a particular study in this field. Maybe the government has undertaken it, maybe they have the figures. If so, then I suggest that they make them public.

But I think that this is the way we approach Ottawa on this sort of a problem. We point out to them what is happening, and in fairness we have to show those who leave and those who come in, and then I think we can make a sensible case to them, that a province like ours cannot undertake the cost of educating people for all of the rest of Canada and that we must have a different basis of support. But the way to do it, Mr. Speaker, is to make a logical case, not to be crying in the bushes, and so far I have seen no specific action on the part of the province. And so I would recommend to them now, undertake such a study, get the facts and figures of where we stand in this question of professional and university people, and let's go to Ottawa and make our case and see what we can get done.

Similarly, Mr. Speaker, when we come along to shared cost programs. Why should the government of Canada be prepared to give any more money to the Province of Manitoba on shared cost programs? All you have to do is read the speech of the Honourable the present Attorney-General, read the speech he made a couple of years ago when we were discussing the Bain estate; read what he said on TV at that same time, when we showed conclusively, Mr. Speaker, that this government had wasted money on the purchase of this property. And what was one of the excuses that the Minister gave at that time? "Well," he said, "Ottawa's paying half of it." So it was a great joke, Mr. Speaker. Ottawa was paying half of it, and then it was fine for this province to waste the money because it was Ottawa's money.

Mr. Speaker, if a Minister in Ottawa could have listened to that speech, could have watched my honourable friend on TV, could have listened to the giggles on the far side when he came out with this great piece of information that really Ottawa was paying half of it therefore it was a fine deal, if they could have seen that, they would have been legitimately excused for telling the Province of Manitoba, "Not one red penny on shared programs. If you can't administer your affairs better than that, you don't deserve our assistance". Just because the Ministers here apparently don't recognize the value of a dollar, Mr. Chairman, is no

(MR. MOLGAT cont'd) . . . . reason that they should be expecting other people to put it up for their use in any way they see fit.

Going into another area, Mr. Speaker, of federal assistance - the Technical Vocational Training Program. Now this ties in directly with this question of federal aid. The government has been bleating that they're not getting enough in higher education. How could they expect to be taken seriously, Mr. Speaker, by Ottawa, when you look at the record of this government in that area, when you look at the record of the Manitoba government who has claimed to have education as its top priority, when you look at the fact that Ottawa's been offering them for some years now 75 percent of capital costs and 50 percent of operating costs for technical schools, and until this year the Province of Manitoba had the worst record, bar none, of any province in Canada.

At the last minute they got moving and now they're not quite last on the list. But they waited, Mr. Speaker, until the program was almost finished. The program was going to expire on March 31st of this year. It was finished. It was a five year program. The Government of Canada, whom my honourable friends say doesn't do anything for education, agreed to help laggard provinces like ours in this regard by extending the program for another three years on a 75 percent basis, by extending it three years beyond that on a 50 percent basis. The Government of Manitoba can consider itself lucky that the program has been extended, because maybe they can now proceed and do some of the things they should have been doing for some years in this field.

When you look at the figures in other provinces, Mr. Speaker, it's a pretty discouraging sight. We find for example that at the end of March, 1967, that is when the program was due to be completed or was due to expire, the Province of Manitoba is estimated to have used up \$11.4 million of the allotment that they had. They still have under the new agreements \$45 million available to them from Ottawa - \$45 million for the construction of technical schools.

When you look at the number of student training places that we've provided, Mr. Speaker, in the course so far, we find the record for Manitoba discouraging. At the end of October, 1966, 31st of October, 1966, the new student training places provided across the country were as follows: Newfoundland - 3,870; Prince Edward Island - 1,486; Nova Scotia - 4,173; New Brunswick - 2,645; Quebec - 85,388; Ontario - 202,908; Manitoba - 5,602; Saskatchewan - 11,884, double Manitoba's figure; Alberta - 35,672, seven times Manitoba's figure; British Columbia - 36,039; the Yukon - 482; Northwest Territories - 30; for a grand total in Canada of 390,000. Manitoba, Mr. Speaker, half the distance that Saskatchewan covered; one-seventh of the distance of Alberta. Well maybe it's not fair to compare us with Alberta, but I can see no reason why a valid comparison can't be made with the Province of Saskatchewan.

What about the areas close to us here, Mr. Speaker, what do we find? Well just across the border in the Province of Ontario, I've had a number of people ask my why is it there are technical schools in every small town in Ontario as you cross the border and none in Manitoba? What do we find, Mr. Speaker? Well, they've made joint use, they've used the technical schools in conjunction with their high schools. We now find for example in Fort Frances that there is a school there paid for partly by the Federal Government giving 220 student places with a federal contribution of \$642,000. In Fort William I find 1, 2, 3, 4 different schools giving places for over 2,000 students - about 2,500 of them. In Kenora, close to us, no larger than many of our centers like Portage la Prairie and Brandon, Mr. Speaker, in Kenora, a school there with 1,200 student places of which the Federal Government contributed almost a million and a half dollars on a total cost of 2.5 million. Port Arthur - four different locations; Dryden, a small center, Mr. Speaker, a school there with 430 student places in it and a federal contribution of \$980,000. So in that area of northwest Ontario, Mr. Speaker, which is directly contiguous to the Province of Manitoba, which has a much smaller population than we have, what do we find? We find that they have produced in that period of time under the technical program 7,115 student places compared to Manitoba with some 5,000. They have used up - federal money - \$12,700,000 as against Manitoba's \$11 million. Mr. Speaker, they have been prepared to move, they've been prepared to do things. The Province of Manitoba has been complaining that Ottawa isn't doing things in education, and not taking advantage of the things that Ottawa has offered. How can these Ministers expect to be taken seriously when they go to Ottawa and say, "We need more money."

The First Minister, Mr. Speaker, was also very critical of some of the changes made in the equalization structure. Well I must confess that I'm one of those who believes that equalization should be up to the top province. I've said that in the past. The Federal

(MR. MOLGAT cont'd)...Government says that there have been some changes made in their programs and that it cannot be done. I, quite frankly, am awaiting the final results of the new program and I will analyze it in that light.

However, the Province of Manitoba has, to say the least, not had a consistent pattern under the present First Minister in its approaches to Ottawa, because while complaining vigorously now about the so-called unfair treatment that it is getting from Ottawa, what was said in the past? Well back in 1960 at the Dominion-Provincial Conference, and this is on Page 54 of the report, the First Minister said at that time, "In considering possible alternatives to our present fiscal arrangements we have, along with everyone else concerned, had to examine the limitations of the present plan. To our minds it is most vulnerable to criticism in its limitation to the three standard tax fields. That is a consignment which overlooks the obvious disparities that exist among the provinces with respect to other fields of provincial revenues."

In other words, he felt that other fields of provincial revenues ought to be included in the calculation. Premier Roblin again at the Federal-Provincial Conference of 1963, Page 60, and I quote, "We would like the conference to consider the extension of the equalization principle to the whole provincial revenue base so that we may establish greater equity in the distribution of revenue resources among the governments of Canada. In this manner we could achieve that broader base we have suggested as being necessary if we are to achieve equalization more representative of true national nature of our economy."

What do we hear now in the budget, Mr. Speaker, presented to us last Monday. Well I quote from the Manitoba Budget, Page 16: "The inclusion of all common sources of revenue does not provide a meaningful measure of wealth-generating capacity or ability-to-pay." Now I fail to see the consistency in those statements, Mr. Speaker. On two occasions the First Minister says you have to include all the revenues, and now apparently that Ottawa is prepared to do it the First Minister says, no, that's not the way to do it at all, you shouldn't include them.

Now, Mr. Speaker, coming back to the technical school program again. We heard a great deal during the education estimates about what Ottawa was not doing in the field of higher education and how it was impossible in fact to determine what assistance they were going to give. This was the statement made by the Minister when we attempted to find from him, out of the \$119 million that he was asking us to vote, how much really the people of Manitoba were going to put up. The Provincial Treasurer indicated that he couldn't proceed with his budget because he didn't really know what he was getting from Ottawa.

Well, Mr. Speaker, my investigations reveal that there seems to be a fairly straightforward statement from Ottawa as to what they're going to do in the field of most secondary education, and the information that I have comes directly from the information given to the government itself at the time of the conferences. I understand that prior to 1967-68 there was a university grant of \$5.00 per capita for each province; there was a technical-vocational capital grant of 75 percent of capital and 50 percent of operating, and this was a cost-sharing program over a five year period allowing up to \$480.00 per capita population, ages 15 to 19 as at 1961 census, and it ended automatically on the 31st of March, 1967. Now that seems reasonably straightforward.

Now the new proposals for 1967 - 68, my understanding is that the offer is this: that there will be a combined university and technical vocational operation grant and this will be done by fiscal transfer, that is the province taking over a certain portion of the tax field, and if that isn't enough, by cash payment, and this is 50 percent of the actual costs with a guaranteed minimum of \$15.00 per capita. I recognize that there will be some discussions as to where the post secondaries start and so on, but surely the statement is reasonably straightforward that one could make a calculation. Then, of special importance to Manitoba because of its past failure, is the extension of vocational construction to March, 1970, at 75 percent and 50 percent beyond that to 1973.

Now again the Minister said that they didn't know what that meant. Well, on the 31st of October in the House of Commons in Ottawa in the Hansard, the figures were listed. True, they're estimates but they indicate what the present arrangements are for 1966-67, showing for the Province of Manitoba a grand total under the present arrangements of \$37.4 million. Then under the new arrangements for 1967-68 for the Province of Manitoba, a grand total of \$48.3 million. Now these were tabled in the House of Commons, Mr. Speaker, and I believe they were given to the Minister when he was in Ottawa in the form of a table. They were

(MR. MOLGAT cont'd).....certainly available to him. If they're in the Hansard, they're not a secret document and they indicate fairly clearly what Manitoba can expect to receive. No confusion that I can see there, and yet when I look at the budget for the Province of Manitoba we see an entirely different figure calculated by the Treasurer. He says we're going to lose \$7.8 million in his calculation; Ottawa tells in Hansard that we're going to gain about \$11 million. So, Mr. Speaker, I think that my honourable friends across the way better get their communications straightened out or buy a subscription to Hansard or check with the Federal Government as to what exactly they are doing. I understand that that information was given to them.

Well, Mr. Speaker, these are some of the details that make up the contribution that Ottawa makes to Manitoba and I suppose we'll never be satisfied that we're getting enough. I think that we have to accept that the municipalities are going to consistently want more money from the province and that the province is going to consistently want more money from Ottawa, but I think that when we make those claims that we again have to realize what it is that we're getting, particularly when one writes a budget speech like the one we heard blaming the other fellow for it all.

And so in checking up what Manitoba has got from Ottawa in the past, this is what I find, and this I understand is the total amount paid to the Province of Manitoba in assistance, in grants, in tax-sharing, received from Ottawa by the Government of Manitoba, and this is as published by the Department of Finance. Starting with the fiscal period 1958-59, Manitoba received \$54.7 million. Now that's when my honourable friends across the way took office - \$54.7 million. In 1959-60 - \$66.7 million; 1960-61 - \$70.9 million; 1961-62 - \$76.2 million, 1962-63 - \$87.4 million; 1963-64 - \$96.2 million; 1964-65 - \$115.1 million; 1965-66 - \$132.5 million; 1966-67 - \$166.9 million. Mr. Speaker, a pretty sizable amount of money. Three times what this government was receiving when it took office, three times more than it was getting back in 1958 and 1959 is the present contribution, as I understand it, by way of tax fields that Ottawa has vacated; by way of grants; by way of shared programs.

The budget itself, Mr. Speaker, indicates that this is a correct figure, because when you look at the tables at the back of the budget, the government indicates there - and I'm referring to the Revenue Estimates of Manitoba, Fiscal 1966 - income and succession duties as \$65.4 million; National Equalization, \$27.3; Shared Cost Receipts, \$81.2; and this gives us a total of \$173.9. The figure I have given, which because it's not completed yet is still an estimate, is \$166.9.

Now what about next year? Well the government again has made much of the fact that they don't know how much they're going to get next year. I suspect, Mr. Speaker, that they could calculate it much closer than they have been prepared to tell the House at this date. I suspect that if they wanted to arrive at a figure that they could tell the House pretty closely what it might be. Certainly in the Revenue Estimates, Mr. Speaker, they've been prepared to put a figure in. They've put a figure in there for the preparation of their budget. Now they've prepared the figure and it indicates, taking all the figures that they show under the same headings, \$209 million to be received as against their own figure of the year before of 173.9; which makes an increase, Mr. Speaker, of \$36 million, just about the amount that the government says it needs extra for education.

Well then of course the Minister is going to say, "Well, but the Federal Government has vacated other fields and it's not that net increase." Well my question is, Mr. Speaker, what is the net increase. If over past years we have received these figures, climbing from 54 million in the period of nine years to 166 million, what is the calculation for next year, and is the Government of Manitoba justified in the statement that it makes in this budget speech, statements that it is not getting enough from Ottawa and that's the reason that it has to impose a sales tax in the Province of Manitoba. The statement isn't clear, Mr. Speaker. We need more figures from this government before I'm prepared to believe that they're not getting enough money from Ottawa to do the things that they claim they are going to do with the sales tax. Based on these figures, and I repeat these are their estimates, they can give us more figures if they want - we asked the Minister of Education and he was not prepared to give them to us - let them produce their figures, but on the basis of this, they don't need a sales tax, because they are getting from Ottawa the amount of money they claim they need.

Well, in the meantime, Mr. Speaker, what about the Province of Manitoba itself? What's happening here in our taxation field? The Minister, and particularly the First Minister, has been highly critical of the tax jungle in the past. He's had a great deal to say about the absolute

(MR. MOLGAT cont'd)...necessity of priorities of course, with which I agree; and a rational and sound taxation program for Canada, with which I agree. I'm waiting for the Carter Commission just as anxiously as he is because I think we are retarding in Canada our national development by our methods of taxation. I think we can do a great deal better. But meanwhile, Mr. Speaker, what has the Government of Manitoba done to establish any priorities or any sense in its own taxation performance? None. It's been a hodgepodge of taxes from the very beginning, ever since this government took over. We've been adding taxes and a year later changing them, bringing in new ones, trying them out for a couple of years then switching to others. When you look at the record of this government in taxation, Mr. Speaker, it's something to behold.

From the very beginning, after having promised the people of Manitoba that their whole program was going to be done without increasing taxes, they started from the very first year, they increased licences and fees of all sorts, and then we got into any variety of taxes. After having increased beer and liquor twice and gasoline twice, and having put on fees and all sorts of things, then we came along to the famous 1964 session where we put in the tax on heat in a province like Manitoba. Then a year later, as a result of demands from this side and resolutions from this side and public pressure, they backed off and changed that one. They had another one in there - they had a land transfer tax. Well they never got so far as proclaiming that one. It died right here in the House, never got beyond the House, that one. It was a very well thought out program.

Then of course they decided that the farmers of Manitoba were cheating in the matter of their gas tax rebates. According to the Member for Souris-Lansdowne they were galloping off to Florida on tax exemptions and so they brought in purple gas. Well, again as a result of pressure from this side and public pressure, they've switched it this year and I commend them for the switch, Mr. Speaker. I commend them for having seen the error of their ways. But what sort of planning is that in taxation, Mr. Speaker?

Then we have the famous school tax rebate brought in - \$50.00 for everybody, except those who live in apartments of course. We suggested to them that they pay it back directly at the municipal level. No, absolutely no, it had to go from the province. There's an interesting little note here, Mr. Speaker. I don't know if you received yours or not but you know I got mine the other day and I was looking for that little note I got last year. You know, that friendly little message saying, "It's so nice to send you a cheque. Duff." It wasn't there. It just wasn't in my envelope this time and I was quite disappointed. I really feel that the new Provincial Treasurer either didn't get the message when the switch was made, but be that as it may, the school tax rebate is now relegated back to oblivion, except of course where the vote doesn't pass insofar as the school divisions and there it will be continued, but they've accepted our proposition, they're going to let the municipality deduct it directly. That, Mr. Chairman - and I'm not running over all the taxes. I could quite easily because I keep lists of them as best I can. There's so many that you can't really keep a complete list, but I try to keep up to it and I'm not going to run over the whole list, but those are just some of them.

What sort of policy is there, Mr. Speaker, in the taxation of this government? None! No policy at all. Political expediency, that's what it is. What happens to be most politically expedient at the time, we'll do. Not before elections, mind you - Oh, no no no - After elections.

What happened last winter, Mr. Speaker, when we met here and we discussed the budget of the Province of Manitoba. What sort of figures did the government give us then? They gave us figures indicating, Mr. Speaker, that they are going to be in a surplus position. They told us they had plenty of money - no problems at all - everything was rosy. I said to the government then, how long is this going to last? Is this simply what you're telling us before the election? And I quote from my budget speech: "Can it be that the government would rather not face the budget that must follow this one? Can it be that this budget and the exuberant statements of the government are really a vote now, pay later plan?" Well, it sure turned out to be that, Mr. Speaker. Vote in June and pay next February. That's the program. That's the basis on which we establish our tax priorities in Manitoba, not on need; not on equity; not on any rational program; not on any planned program obviously because a good deal of the taxes are put in, they're tried for two years and they're switched to try something else. Political expediency - that's the basis on which we establish our taxes.

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

Well now we're faced with a sales tax. The government's decided that the election being over, and none in sight for another 4 1/2 years, that this is a good time to impose the sales tax. So we heard from the Provincial Treasurer as to the various reasons why it had to be done, mainly because of Ottawa of course, but he indicates that he'd tried some various solutions.

Some interesting statements have come out of the discussion, Mr. Speaker. One of the most interesting, I thought, was the reasons for the sales tax as given by the heir apparent, the Honourable the Attorney-General on TV the other night. It was a most interesting discourse and I made a note of it at the time, Mr. Speaker, because it appeared to me here really he had struck the basic reason why we ought to have a sales tax in Manitoba. He said "The sales tax field was a vacuum which had not been filled." Now that appeared to me like a very very sensible approach to the whole thing. I only hope there aren't too many other vacuums in Manitoba, Mr. Speaker, because we just can't afford them any more.

HON. STERLING R. LYON, Q.C. (Attorney-General) (Fort Garry): I hope we're not looking at one.

MR. MOLGAT: Well, I'm interested in the comment by my honourable friend, and in fact seeing as he likes these, I have another one for him, because I noted the other night too he said that he was sure that there would be no parent in Manitoba who would begrudge this - no parent in Manitoba who would begrudge for one moment this increase, and I thought to myself, you know, for a fellow who makes \$22,800, I suppose he can take that sort of tax with a great deal of calm and equanimity - and I'm happy that my honourable friend is smiling there because it won't bother him too much I'm sure. But he'd better talk to some of his backbenchers, or talk to some of the people who know how the rest of the people in Manitoba live. I think maybe it's time he found out a little bit of what goes on in the province and I think that he would have a different point of view.

I'm very interested, Mr. Speaker, as well by the claims by the government that Ottawa has prevented the construction development in the Province of Manitoba, and the statements which we heard a couple of years back - I think unanimously supported by my friends opposite - that the 11 percent building tax, that nefarious tax was hindering development and construction in Manitoba, was keeping people out of homes in the Province of Manitoba. And they feel strongly enough about it - and I think that there's a good deal of justification, Mr. Speaker - that my honourable friend the Member for Souris-Lansdowne has a resolution before us and it's an interesting resolution. He says that "Whereas the costs of building and maintaining farm buildings in the Province of Manitoba have greatly increased in the last three years; and Whereas the costs of building and maintaining dwellings in the Province of Manitoba have greatly increased in the past three years; and Whereas the costs of building and maintaining buildings used for industry in the Province of Manitoba have greatly increased in the past three years" - they're all suffering - "Therefore Be It Resolved that we urge the Government of Canada to rescind the 11 percent sales tax on building supplies." A very sound statement, Mr. Speaker, and I want to tell you right now, Mr. Speaker, and claim first place when he moves his resolution that I have an amendment, because I want to tack onto that resolution, "And be it further resolved that we urge the Government of Manitoba to rescind the five percent sales tax on building supplies," because, Mr. Speaker, we must be consistent.

You know, although it's fine for my friends across the way to have a lot to say about how terrible this is for development and how it's going to kill everything, and then they tack on an extra five - well, it'll be very interesting. I hope my honourable friend will move his resolution. I hope he won't let it die on the Order Paper or simply decide not to be present when it shows up because I am urgently waiting for the opportunity to propose the amendment, Mr. Chairman.

MR. T.P. HILLHOUSE, Q.C. (Selkirk): You've got to think of the widows.

MR. MOLGAT: Now going on to other taxation measures of this government, Mr. Speaker, we have the proposed change this year in the real estate practices, and undoubtedly the load of real estate taxes on real estate, homes and farms was an unbearable one. I wonder, however, how much research the government has done in determining the actual course that it's following, and I wonder if the government has really analyzed the effect of what it is proposing to the House.

The City of Winnipeg some years ago, 1958, had Mr. Carl Goldenberg, who is a highly regarded economist, make a study of taxation here, and his report on municipal taxation

(MR. MOLGAT cont'd)...published in 1958 has some interesting comments. Now he looked at a number of things that in his opinion should be dealt with, and I say in fairness that at that time, 1958, he felt that the property tax in Winnipeg was not excessive and in fact that it was less burdensome than twenty years previously, so I want to put the situation as he thought then. He looked at many things. He looked at a \$25.00 remission of taxes of old pensioners owning and living in their own homes, and his conclusion, his recommendation was that this was not desirable. He looked at the \$500.00 basic exemption in the assessment of all homes, and again recommended against. He looked at a graduated mill rate on homes and came out again with some doubts.

Then he looked at the differential taxation of residential and commercial property and analyzed that situation, and he came out at that time, Mr. Speaker, against such a differential. He stated -- he took for example the situation in Halifax which had a particular problem, and his statement regarding Halifax was, "The burden on commercial real estate discouraged the consideration of any improvements to existing structures and seriously retarded the construction of new commercial buildings. The burden of taxation on commercial real estate has been not only excessive but oppressive, consequently, the city has suffered from lack of commercial development and diminished sources of tax revenue."

He went on then and quoted Ontario, and I quote now from page 67. He said: "Ontario municipalities now levy on property at differential rates in addition to imposing a business tax. It is well to know, however, that except for the assessment differential in Edmonton, the other cities of western Canada do not impose differential taxation on commercial and residential properties. Having regard to Winnipeg's vulnerable position in the competition for industry in the western provinces, I am of the opinion that an additional differential might tend to create an unfavourable climate for commercial and industrial development in a city to the detriment of business and home owners alike. If such development is discouraged, one of the probable consequences will be an increasing dependence on residential property as the tax base." These were Mr. Goldenberg's statements, Mr. Speaker, in 1958.

Now I don't know whether the government of Manitoba has made an analysis, Mr. Speaker, before proposing the taxes that they are. I don't know. Judging from their past records, I'm worried. Judging from their past performance, I'm concerned that they've simply come along and decided this is going to be the tax without finding out what the effects are, and I'd like to know from them exactly what it is that they have done to find out whether or not their proposal is going to aid, in fact relieve the home owner in the long run and ensure development in the Province of Manitoba. I find on checking on the industrial side of it, that there's considerable concern. I find for example that the apartment block owners find that in the City of Winnipeg they get less return on their money than they do elsewhere in Canada.

Some of the notes I've made here from speaking to various people indicate the following. For example, the present proposals of the government in the apartment field alone would result in a 20 percent increase in taxation. Another one, that 23.2 percent of gross apartment revenues would be paid out in the form of taxes which would be the highest percentage on the North American continent.

Now what is this going to do, Mr. Speaker, to people who live in apartments, because take it as you will, the renter finally pays the tax. He may not pay it immediately because they may not be able to pass on the increase at once, but there's no question about it that the fellow who pays the tax is the fellow who rents. Has the government calculated that? Has the government gone out to find out, Mr. Speaker, what this tax is going to do to the construction of apartments in Manitoba? Are we in fact going to have the continued expansion that we require if our city is to grow and our province is to grow? What about the situation of the individual who cannot afford to buy a home because by and large it is cheaper to live in an apartment. What is the situation of that individual? Are we pushing him now into a higher cost position? Is he going to be the one who pays? What about commercial development, Mr. Speaker? What's going to happen. Well, again my checking indicates that the high level of real estate taxation in the Province of Manitoba has established the situation so that funds can be better employed elsewhere, that investors can make more money by going and investing their money elsewhere.

I gather in fact that even the home owner in the City of Winnipeg is not going to benefit, because if I read the story correctly, and if it is correctly calculated, the newspapers of Wednesday tell us, '8 mill tax hike seen by Danzker', that the City of Winnipeg is going to have an increase of eight mills for city property owners. I don't know if the calculation is

(MR. MOLGAT cont'd)...complete or not, but I see throughout the newspapers, Mr. Chairman, concern by municipal people as to what the effect of this is going to be. There's equal concern between the developers in the apartment field business; there's equal concern between the commercial people. Now has the government calculated that or not? Has it in fact made a proper study of this, what effect their taxation is going to have on development in the Province of Manitoba?

Well, the Minister told us that he had no other choice. In his budget speech he said that he'd looked at other taxes, and he mentioned the gas tax and the income tax and so on. I note, however, that he took the figures by putting the whole of the increase on the one item. He took for example the gas tax and said it would go up by 43¢ I think, but has he seriously considered a combination, has he seriously considered alternatives? He referred, for example, at that time to the Canadian Tax Foundation and the book by Mr. John F. Dew, "Provincial Sales Taxes." I'm happy to see, by the way, that he is using the Canadian Tax Foundation as an expert base, because I have frequently used this in the past and the First Minister who was then the Treasurer didn't like their figures. He didn't like the fact that they said he was running a deficit all the time, that his debt was going up and that we had the second highest debt in Canada. He seemed to think that they weren't reliable people, but now they've become reliable people and I'm happy about that because they have some interesting statements. He referred to it and said that the sales tax was really not a regressive tax, it was a progressive tax, provided that food was exempt.

I wonder, however, if he would also look on Page 107 at the table indicated there, because that table shows that, even with food exempt, a sales tax weighs heaviest at the bottom of the income range, because Table 13 - now admittedly this is not the Province of Manitoba, this is New Brunswick - percent of income spent on taxable goods with food exempt and food included indicates that the group that pays the most is the income group of 1,051 to 1,549 - 39 percent of their income goes on taxable items. Then it goes down, the next 1,550 to 2,050, 30 percent; 2,051 to 2,549, 31 percent. It's not until you reach the over 5,050 bracket that it drops below the 30 percent figure to 26. So it seems to me that the statements have to be analyzed fairly carefully because the tables would indicate that it still weighs heaviest upon the man least able to pay it.

What about the effects on development? Well, another noted authority on taxation, A. Kenneth Eton, former Deputy Minister of Finance, in his essays on taxation says about development the following: "It is axiomatic that tax problems grow in both number and severity as the tax rate increases. With the low rate of tax it is not too serious, if items such as machinery and equipment used in the production of goods subject to tax are likewise taxed. However, when the rate reaches the five percent to eight percent level, this duplication of tax can be quite serious for producers competing in markets outside the province." So we've just reached the bottom of the range that Mr. Eton talks about, we're at the five percent. But the question still remains, what in fact is going to be the effect of the changes that the government recommends on the people of the province, on development in the province? Has the government properly analyzed this? Mr. Speaker, from past performance, I fear they haven't.

Meanwhile, Mr. Speaker, what has the government done to control its own expenses? What has this government done over the years to control its own waste and extravagance? The preaching that the Minister of Municipal Affairs gave to Metro last fall about their over-expenditures, what are my honourable friends doing about their own situation? Well, the budget tells us they're going to do something. They've got a section in there that they're going to revitalize and brush up and strengthen and reorganize the Treasury Board. Mr. Speaker, what's the Treasury Board been doing for the past eight years? Are we just getting some more talk here in the budget? It sounds to me very much like a recognition by my honourable friends that they've failed to produce efficient government and now they say, "but we're going to do something about it now, we're going to reorganize the Treasury Board."

Mr. Speaker, it's high time that this province proceeds on something we've been recommending to them now for six years, and that's an Auditor-General. Let's have someone from the outside have a look at the operations of this government and then we'll be able to judge. And this is why in the past, Mr. Speaker, my members and myself have spoken in this House about the methods that this government uses, for example in its land buying, and I need only show the example of the Arts Centre here in Winnipeg and the Bain estate. How many others there were, I don't know, but there were two examples that came to my attention where there was sheer waste by this government, inefficient practices - pure inefficiency -

(MR. MOLGAT cont'd)...mismanagement. How much more of it is there, Mr. Speaker. I say, let's have an Auditor-General and find out, because it's not good enough for the government to come along and say, "We need more money." That's an easy thing to say. It's easy to say, "Let's just add some more taxes." Pretty easy for a group of Ministers. Not only they don't know, Mr. Speaker, how the other half lives, they don't even know how the other 95 percent lives. And I say to them: ask your backbenchers. Ask your backbenchers if you won't listen to us. They know. They know that this government has not been doing the job that needs to be done in the Province of Manitoba.

But, Mr. Speaker, I could excuse some of that. I could excuse some mismanagement if at least we got production, if at least we had results for the money that this government has been taking out of the pockets of Manitobans; if at least we could show the people of Manitoba a growing province, a province that was full of activity, a province that had job opportunities here for the young people of Manitoba, a province that gave our people full scope to expand and use their abilities. The government says we have no unemployment. No wonder we don't have any unemployment; our people are leaving. That's an easy way to cure unemployment. Move them out. But it's not a solution to the Province of Manitoba, Mr. Speaker. It's not a solution to have our economy in its present state, and as a result we're faced with this regular demand by the government for more money.

Mr. Speaker, much more needs to be done in the Province of Manitoba. Much more can be done in this province if we apply imagination and hard work, if we get to work on the problems of Manitoba and understand the problems of Manitoba. Mr. Speaker, we have golden opportunities here if we want to use them. We have at the University of Manitoba right now the most powerful computer in Canada. There's only one other like it, in Ottawa, the central offices of the Federal Government. The only other one in Canada is right here at our University of Manitoba. It's an opportunity, Mr. Speaker, with that computer and the staff that they have there, because we have now at that centre an international staff, a staff of topnotch people recruited from all over the world. Here's an opportunity to do something. True, we're far from markets; true, we've got transportation problems because of our location; but, Mr. Speaker, there are many products where transportation is not a factor, where our location as an air centre, on the contrary, is a benefit. Why don't we approach people like National Cash Register or IBM or the various people involved in the computer industry? Can we not offer to them with this base that we have here, can we not offer to them through the Department of Education the development of a specialized industry here geared exactly to their requirements?

What about the other possibilities in the Province of Manitoba, Mr. Speaker? I saw recently an article, someone in Vancouver, saying that we needed a national air school. Mr. Speaker, we've been sitting now for four years with an airport at Macdonald, the property of the Provincial Government, lying idle. I don't know if it's suitable for this purpose or not, Mr. Speaker, and I throw this out as a suggestion. There are many others, and if my honourable friends would ask their backbenchers they'd get some more too. The expansion of the air industry, not just in Canada but the world over, is such that there's a tremendous demand for pilots. Why; why, Mr. Speaker, couldn't we with the type of climate we have, with the clear skies we have - this is why the air training centre was located in the west during the war years - why couldn't we develop this?

Mr. Speaker, I take at random some of the things that I think we can do in Manitoba. We can do these, Mr. Speaker, if we'll apply imagination and hard work. But we won't get them done if the government is more concerned with politics than it is with people. It's more concerned with the right timing to bring in a sales tax than it is with the actual needs of the Province of Manitoba and, Mr. Speaker, this government after eight years in office has failed to produce that development in Manitoba. Sure they've spent a lot of money - no doubt about that. If you judge results by the amount of money spent, they've been successful. But, Mr. Speaker, if you judge results on the basis of jobs for our people, if you judge results on the basis of income for our people, if you judge results on the basis of a province that's growing, this government has failed.

So, Mr. Speaker, I beg to move, seconded by the Honourable the Member for Lakeside, that the motion be amended by striking out all the words after 'that' in line one, and substituting therefor the following: this House regrets that the Manitoba Government:

(MR. MOLGAT cont'd)....

1. has consistently added to the tax burden of the people of Manitoba while failing to promote adequate growth in the Province;
2. while blaming the Federal Government for its alleged failure to assist Manitoba, particularly in the field of education, has failed to take full advantage of Federal Government offers of assistance in the technical-vocational field;
3. has failed to eliminate waste and extravagance in its own operations;
4. while complaining about the lack of priorities and the tax jungle at the federal level, has failed to have a planned and consistent tax policy;
5. in spite of repeated promises in the past by the Premier that no sales tax would be imposed, has now forced this heavy burden on Manitobans.

MR. SPEAKER presented the motion.

MR. COWAN: The resolution, the amendment starts out with the statement that this government has consistently added to the tax burden of this province. Mr. Speaker, this government has added to the tax burden of this province with the full approval of the Liberal Party in practically every case. I have been here for over eight and a half years and during that time the Liberals have objected to only about four items of expenditure: one item of \$25,000, in connection with assistance for education under the Little Colombo Plan, as it was called, and in connection with proposed pensions for the members, and the Cabinet Ministers' increases, and I think one other item - all comparatively small items - and year after year they have supported the expenditures of this government that have resulted in the taxes and resulted in perhaps an increase in debt. So they have themselves to blame just as much as this government, and they have been advocating additional expenditures, and many of them; and if this government followed all the additional expenditures, approved of all the additional expenditures wanted by the Liberal Party, we would have much higher taxes in this province and we can just look at a few of them that have been advocated in this Session.

They want the extension of Highway No. 6 to Provincial Road No. 391 at a cost, which would cost \$4 million to \$5 million. They want an Auditor-General for the department set up. They want a government policy -- they want a government policy that will guarantee adequate medical and dental services and accommodation to the rural areas. Additional expenditures. Hundreds of thousands of additional expenditures here. They want to materially assist and encourage young married people of Manitoba towards home ownership. Hundreds of thousands more to go out on this proposed platform. They want substantial low interest loans available to assist communities which are planning installation of artificial ice plants and other improvements, or modernization of skating and curling rinks. All very fine but all requiring additional taxes from the people of Manitoba.

They want us to do more about removing the ice from the roads and the highways. They want us to build more rural nursing homes. They want us to re-surface Highway No. 25 and extend and hardtop Highway No. 24. They want our provincial parks to be expanded. They want larger grants for promoting tourism, larger grants for recreation, larger grants for staff for physical fitness and amateur sports programs. They want us to divert a river into Shoal Lake. They want us to buy marginal farm land and they want us to double the veterinary staff of the Province of Manitoba. They condemn us for not building more vocational schools. All of which would greatly increase the taxes in this province and increase the debt of this province. So that when the Liberal Party condemn the increased debt in this province and increased taxes in this province, they are not putting forth a very true statement in that if we followed what they advocate we would certainly have greatly increased taxes and greatly increased debt in this province. Instead of a 5 percent sales tax we would likely have a 10 percent sales tax.

The Leader of the Opposition mentioned that while the general debt of the province had been reduced by some \$14 million from \$192 million to \$178 million, yet the guarantees made by the government had increased and he tried to give the impression that this increased the debt of the province. Well, the provincial debt hasn't been increased as would be indicated by that statement of the Honourable the Leader of the Opposition, for these guarantees are in respect of schools, municipalities, hospitals, the Manitoba Hydro, the Manitoba Telephone System, and other government agencies. These guarantees have been given in respect of projects that have been undertaken by the utilities and by the municipalities and the school boards to bring improvements to this province, to bring us assets which will pay off and for which the government certainly would have to pay off out of the general revenues of this province.

(MR. COWAN cont'd).....

And so, Mr. Speaker, I would like to emphasize again that the Liberal Party in this province have supported the policies of expenditures of this government and they have advocated many, many more which, if they were put into effect, would certainly increase the taxes and increase the debt of this province a great deal.

....continued on next page

MR. RUSSELL PAULLEY (Leader of the New Democratic Party) (Radisson): Mr. Speaker, may I first of all compliment the Honourable the Leader of the Official Opposition for his discourse this morning and his criticism of the budget of the Honourable the Provincial Treasurer. I do not agree with a considerable portion of what my honourable friend had to say, and in due course my colleague, the Member for St. John's, will take part in this debate and give our version of the budget, and I would suggest, Mr. Speaker, the possibility of my colleague, the Member for St. John's, indicating areas of difference between the Leader of the Opposition and ourselves and the Liberal Party and ourselves. But I rise, Mr. Speaker, to protest the intrusion of the Honourable Member for Winnipeg Centre into the debate at this time. The same occurrence happened last year and subsequent notes of regret were received by my colleague from St. John's. I do not dispute the right of the Member for Winnipeg Centre to enter into the debate at this time. Certainly he has the right, but one of the traditions, that sometimes we honour greatly in this Assembly and speak of to great length, is that in criticism of government, both in the Speech from the Throne and also on the Budget, is that now we have recognized the fact of the parties, the four, that the Leader of the Official Opposition shall be followed, or is followed, by a spokesman for the other parties.

Mr. Speaker, the other day when we were discussing as to whether or not the Honourable the Leader of the Official Opposition was going to go in his remarks, he stated that if anybody else wished to speak he would desist in favour of them; otherwise he would not take part. And it looked to me as though it was proper for me to make a statement insofar as our group was concerned, and at that particular time, Mr. Speaker, I said No, we will await the Honourable the Leader of the Official Opposition before we take part in the debate. So I say, Mr. Speaker, that even apart from tradition, that the way was paved, and I suggest in all due respect to my friend the Honourable Member for Winnipeg Centre that it would have been courtesy on his part, unless of course he is acting as the intermediary at the present time for the Honourable the First Minister or the Honourable the Provincial Treasurer to be the defender of government officially at this time, but I want to say, Mr. Speaker, that as one in this House I regret very very much that the long-established tradition in this House has been violated for the second year in a row, despite the indication given to my colleague last year that some of the members opposite regretted the intrusion.

MR. SPEAKER: Are you ready for the question?

MR. SAUL CHERNIACK, Q. C. (St. John's), Mr. Speaker, I beg to move, seconded by the Honourable the Leader of the New Democratic Party, that the debate be adjourned.

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

MR. SPEAKER: Second reading of Bills. Bill No. 17. The Honourable Minister of Mines and Natural Resources.

MR. EVANS: Mr. Speaker, may I have this item stand?

MR. SPEAKER: The adjourned debate on the second reading of the proposed motion of the Honourable Minister of Highways. The Honourable Member for Lakeside.

MR. DOUGLAS (Lakeside), Mr. Speaker, I have delayed the further consideration of this bill longer than it is my custom to do when I adjourn a debate, and I have done that for the simple reason that I found on looking at the bill that I just had to take a little more time to do some research that I felt was necessary if I was going to do justice to this bill. And, Mr. Speaker, the more time that I have taken to look at the proposals in this bill, the more I am convinced that I cannot support it. I'm sorry that the position that I have to take on this bill has to do with legislation introduced by a Minister of whom I am personally very fond, but I think that the proposals that are made here are something that I simply had to say a few words on.

I had some doubts about Bill No. 22. I had difficulty in trying to envisage exactly what would be proposed and developed under that bill but I was prepared, as were a lot of other members of the House, to let it go to the committee. Here, however, I am completely against the principle of the bill and I find it necessary to oppose it. Mr. Speaker, the research that I have made - and I haven't had the time that I would like to have taken - but at least all of these Hansards contained one or more speeches of members of the government, usually the former Minister of Agriculture, each and every one of which, in my opinion, declare the water policy of this government. It's been laid out very fully - I would almost say ad infinitum - during the years that the former Minister of Agriculture was in this House, and if there's one place where it seemed to me this government has a more or less consistent policy, it's with regard to water; water control and conservation. I give them credit for,

(MR. CAMPBELL cont'd.) . . . . during the time of the former Honourable Minister of Agriculture, that they at least worked at the job and they developed a policy.

Quite frankly, I'm not in favour of that policy in several of its aspects; I am just as opposed as I ever was to the Portage la Prairie Diversion. I think it's a colossal mistake that that was undertaken rather than the Holland Dam. There are some other points of the policy with which I do not agree, but at least I think we can give the government credit in this regard of having stated pretty definitely a water policy. And now at this stage, Mr. Speaker, to come and set up a Manitoba Water Commission which is going to study only those things that are referred to it by the Minister, is, in my opinion, completely unnecessary. As far as studying something, the staff who are already there can do the studying. There has been a big staff built up and I think a good one. I'm sure that all members who were acquainted with the late director of that branch would join with me in saying that the department has suffered a great loss in Mr. Griffith's passing and I'm very sorry for it; he was an extremely good man; but there are other good men in the department. They are there to come along and will take over the work and I think it will proceed satisfactorily. But in addition to that, Mr. Speaker, I object to the -- because of the experience that we've had in the past I object to what I see reintroduced in this bill that we're going to have another board that I am afraid is politically oriented.

Now I have not spoken on this matter before; I do not intend to follow the exact course that the Honourable Member for Gladstone did the other day here, but to me this matter has gone on so far that I simply had to speak out upon the subject. I am disturbed and I'm definitely in opposition to what has been going on and what is perpetuated under this bill.

I am not so optimistic as to believe that the fact that I disagree with it will prevent it from passing. I know enough about how these matters are done to know that the decision has already been made that this board will be established. But I want to voice my protest in the strongest terms, that in that connection I found a copy which I got last year of a Return that was made by the then Provincial Secretary which gave the information as to the number of boards, commissions, committees, agencies, established by the Government of Manitoba since 1958. (That's the great year that is so frequently mentioned here.) I'm not denying that there would be some boards and commissions and all established before that time as well, but one of my colleagues wanted to put on record the number that had been established since that time and we have details here - not of the personnel; I would like to have had the personnel; I would have been interested in following up the avenue of discussion that my honourable friend the Member for Gladstone raised the other day, because to me it is interesting to see how many people have been appointed who are known partisans and friends of this present government. I think this is a mistake, Mr. Speaker, in the public interest, to overdo that type of appointment. I must confess that I do not pretend to be so simon-pure or so lily-white that if a position is to be filled that I would not give preference to a personal or political friend if I were sure that that personal or political friend had the necessary qualifications, but what I definitely do object to is creating positions for people who have no outstanding qualifications for the job in comparison with others, except the partisan affiliation. And if my honourable friends want me to quote some chapter and verses on that I would be quite willing to do it. I do not say, I do not charge that all, or by any means all of the people who have been appointed to these boards and commissions have a chief qualification of being partisans. I do not charge that in all or even the majority of cases that they are lacking in character or ability, but I do say that in some cases - I'd be prepared to say in many cases - that that appears to me to be the chief qualification, and I'm afraid once again that it's perpetuated in this bill and I think it's come time to call a halt and for some more of us to say something about it.

In that connection I'd like to comment briefly on the fact that once again we have this suggestion of appointing a member of the Legislature or even of the Cabinet. There may have been a good reason for that at one time. I think the reason has passed now and I object to it being carried forward into this bill.

But to return to this list that I have here, and I suppose the number would be greater now if we had it up-to-date. This one was early in 1966. There are a total of 56, if I made the calculation correctly; 56 boards and/or commissions established since this government took office. A large number. And while the names are not given here it occurred to me that I will probably ask for the names in due course just so that we can have them as well. Some of them are very costly; others are not so costly. It isn't only to the expense that I object, though; it's to the fact that on quite a few of these that the appointments have been in my

(MR. CAMPBELL cont'd.) . . . . opinion, definitely partisans.

But to get away from that point, we have on Page 2 of this report several of them that are already specifically dealing with the water policy of this government. We have the Rock Lake Advisory Committee; we have the Assiniboine Advisory Committee; we have the Souris River Water Commission; we have the Lower Red River Valley Water Commission; we have the Watershed Conservation Committee; and I have no doubt that there are others that deal specifically with water control and conservation. And it's my belief, Mr. Speaker, that the right way to do would be: continue these commissions if they're doing a proper job, but for goodness' sake have this question of the study which is to be undertaken only at the Minister's direction, have that study carried on by the people in the department. That I think is what should be done.

Mr. Speaker, I have said some things that I would rather have avoided saying with regard to the question of partisanship and patronage. I have refrained from saying anything like that until the present time and probably would never have said it had it not been for this Bill. But I can't refrain from commenting once again on what I think to be a serious blow to democracy when we allow the public to get the impression that we are in this House, this government, making appointments based on patronage and partisanship rather than on qualification, and by that method undermining the sound principle of a non-partisan and merit civil service. And while it's true that some of these appointments and the individuals maybe can be justified completely, the fact is, in my view, that by making appointments in this way that the government of the province is undermining the Civil Service Commission because they're doing by the back door what they daren't do by the front door, and this can be accomplished if we continue this sort of thing.

Mr. Speaker, I want to read from a document that was prepared some years ago and as a matter of fact I haven't had much time to look it over carefully but, so far as I can see -- it doesn't even carry a date, but it was prepared by one of the highly respected civil servants of this province, now retired, Mr. John Allen, Q. C. I do not recall the circumstances under which it was prepared; I assume it was done during the time that a government was in office that I supported. I'm sure it was not done during the time that I headed that government because I would have been completely familiar with it had that been the case, but it was likely done during the time some few years before this. This is by John Allen, Q. C. and it's a memorandum on the following enquiry: "Shall we change from merit to the spoils system in making appointments to the civil service of the Government of Manitoba?"

And having developed a great deal of time and thought - and some of the older members of this Chamber who know how meticulously careful and even exhaustive John Allen Q. C. was will not need to be told that it's an extremely well-documented memorandum - Mr. Allen comes up with an answer which I shall read, and quite frankly anyone is welcome to have a look at this if they would care to. He sets down on Page 140, and that gives some indication of the exhaustiveness of this report: "Conclusions. Above I have set down some of the features of the spoils system when same prevailed in the civil service of the United States, England and Canada. In contrast to such I have set down some features of a civil service, appointments to which are based on merit. On the one hand we find colossal inefficiency, huge waste of public funds, turmoil, unseemly scramble for office, public office instead of being a public trust becoming an insidious type of mass bribery, corruption and debauchery, debasement of public life, features which have been condemned by all the great public men of any age and something which, after being tried, has brought down upon its head the good round curses and maledictions of those who had to administer same; while on the other hand we find efficiency and probity in the administration of the public business, and the competency, impartiality, skill and integrity which accompany . . . . . the best persons to serve the State. An examination of the Civil Service Act of Manitoba, read with what is set out above, establishes that at present in the civil service of the Government of Manitoba, the Civil Service Commissioner is placed in a unique position of independence from the government of the day and appointments to the civil service of the Government of Manitoba are based as far as possible entirely on merit, and when these features are present, what greater tribute can be paid to the civil service of the Government of Manitoba; hence when there is made the enquiry: 'shall we change from merit to the spoils system in making appointments to the civil service of the Government of Manitoba,' it seems to me that 10,000 voices, yea thrice 10,000, in accents louder than thunder, answer 'no'."

I suggest to you, Mr. Speaker, that by continuing the practices which I have been speaking

(MR. CAMPBELL cont'd.) . . . . of and which are carried forward into this Bill, we are undermining the civil service position; we are doing something by the back door that is to the detriment of a civil service appointed strictly on merit. It's my opinion this Bill is both unnecessary and wrong.

In addition to what Mr. John Allen, Q. C. said, I would like to read from a presidential address that one of the great Canadian statesmen of all times gave as President of the Canadian Historical Association. The president in 1931 was the Right Honourable Sir Robert L. Borden, former Prime Minister of Canada, although he had been in retirement for some years in 1931. His presidential address to the annual meeting of that Canadian Historical Association was on the subject of the problem of an efficient civil service. I suggest to you, Mr. Speaker, that a man who was Prime Minister of Canada for ten years and who was one of the great statesmen of this country and who had experience in government at the highest level in this country, has an experience that's absolutely unequalled when it comes to expressing opinions of this kind, and particularly perhaps after he's been some ten years out of office, having served ten years therein and then being ten years out, having served for many years in the House of Commons before he became Prime Minister.

I'm not going to read at any length from his address but one statement I think deserves to be put on the record, and I want to place it in comparison with the principle that I see in this Bill. This is Sir Robert Borden speaking: "A government holds the power of patronage for the benefit of the public and it is entitled to fill public offices solely in the public interest. The duties of those officials are for the public benefit and are fixed by the laws of the country. Their salaries are paid by the people's money. To use the power of filling such positions as a reward for Party service and without regard to the character and capacity of the individual selected, is a gross breach of a solemn public trust. A private trustee so dishonouring his office would be subject to punishment by the criminal law, but the one punishment which can be meted out for such abuse of a public trust is dismissal by the electorate."

Mr. Speaker, I warn this government that as grave as are some other sins which they have committed - and I hold strong opinions in that regard too - one of their greatest dangers today is the fact that they have continued to use patronage in a way that it should not, in my opinion, be used. I do not charge that the many people - and there are many - that have been appointed are by any means all lacking in this character or capacity about which Sir Robert Borden speaks. I don't charge that, but I do charge that in many cases that we can point to, that the predominant reason as far as I can see for the appointment, has been patronage and partisanship and, Mr. Speaker, this is entirely wrong; and to the extent that it's carried forward in this Bill is my greatest reason for opposing it, but to the extent as well that I deem the setting up of this commission to be unnecessary because I am convinced that the department can do this job itself. I intend to vote against it and would urge other members to do likewise.

MR. SPEAKER: Are you ready for the question?

HON. WALTER WEIR (Minister of Highways) (Minnedosa), Mr. Speaker, if no one else wishes to speak, I move, seconded by the Minister of Welfare, that the debate be adjourned.

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

MR. SPEAKER: Motion that the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

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

MR. SPEAKER presented the motion and after a voice vote declared the motion carried, and the House resolved itself into a Committee to consider of the Supply to be granted to Her Majesty, with the Honourable Member for Arthur in the Chair.

#### COMMITTEE OF SUPPLY

MR. CHAIRMAN: The Department of Welfare. Resolution No. 115, 1 (a).

HON. J. B. CARROLL (Minister of Welfare) (The Pas), Mr. Chairman, I would like to take this opportunity to say a word of appreciation to the staff in the Department of Welfare, and I'd like to single out one or two for special comment at this time. First of all I would like to acknowledge with appreciation the services of the Deputy Minister of the Department, Mr. K. O. MacKenzie, who has been under considerable difficulties this year with the very substantial changes that are being made in federal programs affecting the work of our department, and

(MR. CARROLL cont'd.) . . . . at a time when we have expansion and extension of service under our existing program.

I would like also to say a word on behalf of -- or in appreciation of the services of Mr. Sid McArton, who this year reaches the age of retirement and who will be leaving that position in our service. Mr. McArton started his career in the Province of Saskatchewan as a school teacher many years ago. He subsequently spent a few years in the newspaper profession before he recognized the challenge caused by the social change taking place in our country, and moved into the field of welfare work. He has performed outstandingly in this position, or in this work, and has, together with the Deputy Minister and others, established what I think is one of the best welfare programs in the Dominion of Canada.

I would also like to say a word to the staff in general for their loyal and dedicated service, often far beyond the normal call of duty. I've become aware of this in recent staff meetings where I find the tremendous enthusiasm of the staff for some of the progressive measures that are being undertaken to try to attack the causes of poverty rather than merely try to pay the cost of hardship and suffering that many of our people are called upon to bear. I would also like to acknowledge that they deal with many problems in the course of their duties that can be the subject of misinterpretation by the public. The kinds of problems that we deal with, human failure and human tragedy, we arrive on the scene much too late to be able to attack the causes but must at that stage try to help the individual or the family, as best we can in order that he may become rehabilitated or that his children may have a reasonable opportunity to grow and to develop and to be able to make their way in life in a reasonable way.

But I would like to express that word of appreciation to all of our staff who, in my opinion, are doing a very dedicated and sincere job, who accept challenges that many other people would shy away from because of their complexities and difficulties.

I would like now to say a word about the kind of program that is being run by the Department of Welfare. Our estimates this year include for the first time the full proclamation of the Social Allowances Act with the exception of the inclusion of treaty Indians who are still the responsibility of the Government of Canada. Under the Social Allowances Act, we've taken responsibility for all long-term cases in the province, leaving the municipality with short-term cases who can be defined very quickly as the able-bodied unemployed, desertions less than one year and other emergency situations. And we share the cost of municipal services on a formula which guarantees at least 40 percent, but which in averages around 60 percent, of the cost of municipal assistance. The province, therefore, looks after all of the aged and infirm, the desertions over one year, the widows with families and others in this Mothers' Allowance category, the blind, the physically and mentally disabled, the unemployable, child welfare, and relief in unorganized territory, local government districts and non-resident, people who have not established residence qualifications either in a municipality or in our province, people who may be transients passing through.

I would like very briefly to talk in terms of the cost of these various services that we're performing. Our services to the aged, the total cost of supplementary allowances to people outside institutions, institutional care, Medicare, Old Age Assistance, and salaries and administration for those involved with this case load, amount to \$10,308,127, or 30 percent of our total welfare expenditures during this year.

Our services to families, Mothers' Allowance families, families deprived of its breadwinner through death, desertion or disability, is a total of \$7,848,117, or 22.92 percent of the total cost of the program.

Child welfare - this is our contribution to wards in Children's Aid Societies, wards of the Director of Child Welfare, Medicare, our grant to the Children's Aid Societies for their administration costs - the total amounts to \$4,695,975.

The blind, disabled and unemployable, the figure amounts to \$5,560,383, or a total of 16 percent of our total budget. And this reflects to some extent the successes that are being felt in the Department of Health where people are being discharged from mental hospitals and are out in society but who are not able to accept employment and be able to provide for themselves. We have quite a large category in this field. It's part of our rehabilitative program.

Our cost for assistance in unorganized territory, and this is largely in the parts of Manitoba that we describe generally as being underdeveloped, communities on the fringes of the developed parts of our province, being made up largely of fishermen, trappers or others who are living off the natural resources with very large population increases in recent years and without the proportionate increase in the resource base on which they rely for their livelihood;

(MR. CARROLL, cont'd) . . . . this figure for assistance in unorganized territory is \$1,210,910; non-residents, \$1,504,000; and municipal aid that's our share of municipal costs - \$1 million, a total for these three items of \$3,715,838, or 10.8 percent of our total budget.

We have another group of services we've gathered together under the title of Preventive and Rehabilitative Services, and of course this is only a portion of it because a large part of our efforts with respect to Mother's Allowances cases and Child Welfare could well fit this description. We have Community Development, Elderly Persons Housing, Grants to Charitable Institutions, Bursaries, Urban Renewal Agency, Elderly Persons Housing Administration. This whole group of services accounts for \$2,254,473, or 6.54 percent of our total budget.

But just to sort of re-cap our services to the elderly account for 30 percent of our welfare expenditure; services to Mother's Allowance families and child welfare, grouping the two together, 36.5 percent of our total welfare expenditure. So here you see the large area in which our expenditures are directed toward families, toward children and toward the elderly. The unemployable group, the physically and mentally disabled, and our assistance to the blind, 16 percent of our budget; 11 percent goes to the able-bodied unemployed in this unorganized territory and the transient population plus our assistance to municipalities, 11 percent. It was 6.5 percent for the preventive and rehabilitative services.

I would like at this time to take a moment to say a word about the new social allowances rates and the new guaranteed income provisions of the Federal Government and how these will affect the Province of Manitoba. New rates on social allowances will go into effect April 1, 1967. Mainly these increases involve the following: An increase in food allowances per person averaging approximately \$5.00 per month. An increase in the maximum monthly rental based on the size of the family and the general increases in rental value of accommodation. An increase in the personal allowances for ambulant persons in nursing homes and personal care homes. The new food schedules, as a result of price studies during the past six months, are based on Canada Food Rules. The increase in rent schedules brings them more in line with the actual rentals which various size families are being called upon to pay. These increases were forecast in December in the Speech from the Throne which stated the concern of governments for increases in cost of living and its effect upon recipients of provincial assistance.

Over the past year, steadily increasing prices in essential commodities have placed a good deal of strain on the budgets of individuals and families in receipt of social allowance. This is particularly true in the Mother's Allowance type of family where real pressures on family financing have resulted. The new schedule of food allowances will help relieve some of these pressures and restore the balance of the province's basic policy of meeting need under the Social Allowances Act.

Adjustments to the higher rates of allowance are timed to coincide with the changes in the income of many elderly people who will be receiving the new Guaranteed Income provisions from the Federal Government during March and April of this year. There is a very good reason why this timing is designed to coincide; we can maybe discuss that a little later in the estimates.

The Federal Government's Guaranteed Income Program is an amendment to the Old Age Security Act, because the Federal Government has been unable to make payments of supplementary allowances effective January 1st as provided in the Act. It is announced that the first of these payments will be made either in March or April, at which time they will be retroactive to January 1st. In other words, it is expected that many pensioners will receive in addition to their basic old age security payment of \$75.00, a retroactive supplementary amount of \$90.00 in March, or if their application isn't processed until April, a retroactive supplementary amount of \$120.00

The Federal Guaranteed Income Program will affect many pensioners who are now receiving assistance for services under Manitoba's Social Allowances program. Accordingly, it is worth noting the essential provisions of the Federal scheme. It is a \$30.00 maximum supplement to Old Age Security pensions commencing January 1, 1967. It means that a pensioner with no income will receive \$1,260 a year, made up of the \$900.00 universal payment and the \$360.00 supplement. A married couple with no other income could receive \$2,520.00. Those with additional earnings income will have their supplement reduced by \$1.00 for each \$2.00 earned. This means that by earning up to \$720.00 it is possible for a single person to have a combined income of \$1,620, and \$3,240 for a married couple who both earn maximum benefits.

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

The Canada Assistance Plan requires that supplementary payments under the Guaranteed Income Program will have to be considered as income when assessing need for a social allowance or for services under the Social Allowances Act. It is evident that in a number of cases a supplementary income for those over 68 years of age will meet the need now being served under the province's Social Allowances Act.

The province's new scale of social allowances will be effective April 1st, coinciding in large part with the change in federal payments to pensioners. The province will adopt the following policies with regard to pensioners in receipt of social allowances and Medicare.

- (1) Old Age Security cases now holding provincial Medicare cards will retain them.
- (2) All social allowance recipients residing in personal care institutions, hospitals, nursing homes, will receive the new provincial scale of personal or comforts allowances after April 1st. Those receiving the Old Age Security will also receive an additional \$15.00 to cover the retroactive period of January to March, 1967.
- (3) Old age security cases residing outside of institutions will be allowed to retain, without any deduction, the retroactive guaranteed income payment they receive in March or April.

I would like to just point out that this has caused real chaos, coming as it does with this retroactive feature built into it. Our department have been working, I might say literally night and day, over weekends, trying to assemble the kind of information that will be necessary to enable us to adjust our social allowances to coincide and to take care of the additional income provisions that will be made to this Old Age Security group whenever they are made. I understand that most of the pensioners in the Province of Manitoba, at least those that we've come in contact with, have not yet received their application forms to apply for this additional supplement, so there is real confusion and it's causing a great many problems in our department, and this is one of the reasons why our adjustments had to take place to coincide with this, otherwise our staff would not have been able to cope with all the changes that are taking effect.

To the new members I would just like to refer very briefly to the very excellent material that's contained in our Annual Report, because I think the description here of the programs that are being offered by the department is particularly good this year, and I would commend it to them for their reading. If you compare the cost estimates of this year with 1965-66, and this happens to be in this report, you'll find that there's been a pretty substantial increase. Part of this, of course, is taken up with the new method of accounting, the gross accounting. It also is accounted for to some extent with growing case loads in the new categories that have been assumed by the Province of Manitoba.

I think it's true often that people associate welfare programs with merely meeting the financial need of recipients.

Our program, as you know, is one that's designed to meet the total need of people who are in trouble. We're trying to meet the needs of the handicapped for training, for work experiences of various kinds. We're trying to meet the needs of the unemployed for jobs which means educational upgrading; it means job training possibly in our vocational schools; it means in some cases some special assistance to get into that job, and I'm thinking now in terms of the job placement program. It means meeting the needs of the neglected child or the potentially neglected child for the kinds of opportunities that will enable them to be able to grow and develop with reasonable expectation of being a fully contributing adult member of society when he reaches maturity. Our program means guidance and counselling, and we've been spending a great deal of time and effort to better equip our people through on-the-job training programs, through trying to grade our case loads so that the staff with the greater qualifications, the greatest qualifications, will handle those cases that are in greatest need of this kind of service.

We also are offering many special programs; the homemaker program that we mentioned two years ago when we brought in the amendment to the Child Welfare Act to enable us to prevent family breakdown before being able to go in and rectify a situation of that kind. We have home helpers and special care services, either provided through our department or the Department of Health and Welfare through their Care Services Organization, or through the Family Bureau or one of the Children's Aid Societies. We have the Family and Child Protection Services which is designed to protect the interests of the child, to try to help the family to cope with whatever problems are preventing them from being able to look after the child in a proper manner, to be able to prevent this from becoming a broken home and therefore

(MR. CARROLL, cont'd). . . . leaving us or other agencies with the responsibility of caring for that child.

All of these programs are designed to work with individuals and families who are already in trouble to try to provide them with services and strength so that you prevent further breakdown or provide the base on which the family can rebuild.

I passed around a small paper a couple of years ago by Leontine Young who described some of the things that are happening in society that are tending to put pressures on families and tending to cause more of the family breakdown and the child abuse that has been reported on in recent years. I think that in our kind of society we've lost many of the strengths and supports that many of our rural farm communities are still providing, but these are now being provided in our larger industrialized and urban areas.

A couple of weeks ago I was talking to a friend of mine who was talking about the very high rate of divorce in California, and it has nothing to do with us in Manitoba but it does indicate a growing family breakdown and the family experience down there indicates that for every marriage there's a divorce in that particular community. I think these are the kinds of problems that we're facing to a larger extent here with this trend towards urban society and development of this kind, and one can only see for a moment the real emotional tension among children who see their family disintegrate in this way and you can appreciate the difficulties involved.

I think there is pretty substantial evidence of concern by the public and others for these situations. We've got the Governor-General's Conference on the Family; we've had conferences in our own province on corrections and delinquency, on mental health, on recreation, and all of these of course are related to the over-all field of strengthening the family; we've got many private agencies supported by volunteers who freely donate of their time and effort and money to provide for needs that aren't being provided by government agencies; a wide variety of services in the children's field - our child-caring agencies, the services for elderly people - and I particularly want to note the sponsors of Elderly Persons Housing projects and things of this kind - all providing substantial assistance to the work of our department as well as making a very worthwhile contribution to the Province of Manitoba as well.

A Social Service audit is progressing and part of the estimates are provided to share some of the cost of that service. We've got literally thousands of volunteers representing all of the agencies and government services gathering data which will later be studied and processed and finally recommendations result.

I'd like to mention very briefly that we've come to the conclusion of our multi-service project in the Salter-Jarvis area. We don't have the final results; we're awaiting those. They should be with us in a few months now. The research was being done under federal research grants and apparently the collation of all the material and conclusions to be drawn will require a very substantial period of time. But we can say that the earlier results in terms of increased school attendance among the young people, the kids, the fewer convictions in adult courts, less juvenile delinquency, better home-making and sanitation, greater independence of family heads - we've got four times as many family heads at work at the end of the project as at the beginning; we have less unemployment among the teenagers who were without jobs; we have a marked improvement in family life and family functioning, all of which seems to point to a continuation of greater effort in areas that reflect this proportionately high cost in terms of both welfare services and human suffering.

Our staff has been planning for a new program and a new approach based on prevention or redirection rather than support and maintenance, as necessary as that may be. Our aim is to prevent the recurrence of slum conditions, to prevent the relocation of these slums in areas beyond. Our task is to try to renew the people, which is a more important and a more difficult task than the renewal of the physical land and buildings involved.

Community Development Services. We are extending this year. Our estimates provide for an extension for the full year of operation of the vocational opportunity services being expanded to help people in underdeveloped areas, whether they be in isolated, remote areas or city slums, to take advantage of the growing opportunities that there are in this province. We're working very closely with the new federal Manpower Agency as well as our various provincial departments of Education, Health, and Industry and Commerce, and Labour, who all are trying to fit people into the job opportunities that are opening up. We're making every effort to take maximum advantage of the special knowledge and experience that we've had in our last few years in community development work, and we're trying to share this knowledge with

(MR. CARROLL, cont'd) . . . . those other agencies who are interested and who are working in this allied field. We think that there are greater opportunities existing today than ever before to be able to help people in underdeveloped areas to become fully independent. Our intention is to assist them and as best we can to remove the road blocks and handicaps that many of them have; to assist them during the period of transition and adjustment in order that all of our citizens may enjoy the greater benefits that are available in our society.

This very briefly is my opening statement, Mr. Chairman. There are other things I would have liked to have said. However, time is short and we can cover them more fully on the individual items.

MR. LYON: Mr. Chairman. I move the committee rise.

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

IN SESSION

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

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

MR. SPEAKER: It is now 12:30 and I am leaving the Chair, to return again at 2:30 this afternoon.