

THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Thursday, April 18, 1968

MR. SPEAKER: The Honourable Member for Roblin.

MR. McKENZIE: Mr. Speaker, at the lunch hour - supper to some, lunch to me being one of those that are overweight - I was in the process of congratulating my honourable friends opposite, especially the Honourable Member from Lakeside for the leadership he gave this province, and asking that we deserve some recognition along the way for the leadership that this Party has given the province over the years.

There are - as I could carry on with my remarks, Mr. Speaker - many things that I as a member from one of the northern rural constituencies could draw to the attention of you, and this afternoon I was most grateful to hear the Honourable Member from Morris draw the attention of the Assembly to the fact that they are having a stampede of the nature much similar to the one that my honourable friend the Speaker has in his constituency. It's unfortunate our friend from Elmwood is not here tonight because I think the Speaker and I would share his expenses to come up and visit the beautiful valley because this is Manitoba, the beautiful valley, the Swan River Valley, and it's unfortunate that there are members opposite who have never had the experience of visiting this part of Manitoba.

However, I would like to share with you, Mr. Speaker, and the members opposite, some of the things I think in my constituency that's going to be outstanding in the years ahead due to the fact of this government. The Shellmouth Dam, which is going to be a reality at the end of this year, water will be held back in the Shellmouth Dam. This is going to create "X" number of tourist dollars which will be added to the already booming industry which this province enjoys.

And it was a most encouraging thing to me as a Manitoban this year to share with the province and the Winnipeg area the great experience which we enjoyed, where Manitoba this year I understand welcomed almost three million tourist visitors -- very interesting. The Pan Am Games, which naturally in where I live we couldn't share with you at the same level as we would liked to have, but this was a wonderful experience for Manitoba and one that will go down through the ages as one of the great events of Manitoba, the Pan Am Games, and this government shares with that experience.

The centennial activities that were carried on in this province in the last year will be history in our records, and this government assisted - while we don't deserve all the credit for it, you shared with us across there in the full capacity - but nevertheless this is some of the things that have taken place while this government has been with Manitoba.

I would urge the member opposite to let's bury the political hatchet in this room here; let's make the laws here. I'll battle you on the hustings, take me out on the hustings and I'll play politics with you right up to the hilt, but I think I'm sent here to assist in this province to make laws and make Manitoba a better place than it is today, and if you get behind our Premier and this government and this solid caucus, we'll do the job. Manitoba is on solid ground; this is a good government and we're ready to go to work.

MR. SPEAKER: The Honourable the Provincial Treasurer.

HON. GURNEY EVANS (Provincial Treasurer)(Fort Rouge): Mr. Speaker, I've had so many cordial invitations to take part in this debate that I feel I can hardly deny myself, and there are questions that have been put to me that I would like very much to answer. This has been an excellent debate. I think I would like to compliment a good many members, and I shan't single them out, for raising matters of real importance which should be discussed and for which answers should be provided, and I would like to play my part in that connection.

I remind my very good comrade-in-arms, the Leader of the New Democratic Party, that in a situation such as mine, in which I have moved a motion, it is quite customary to wait until the remarks have been completed in opposition, and then when they have been, to answer them and to provide the information that has been requested. He is a long-time resident of this Chamber; he knows better than to take the position that he took in facing me - and he knows that he knows, and I know that he knows that he knows. It's a little different for the Member from Brokenhead. He has much to learn but it's a part of my honourable friend's responsibility to teach him, and I would think that as that process goes ahead that debate will improve in the House.

I would like now to proceed with what is a very serious responsibility for a Treasurer

(MR. EVANS cont'd.)... at this point, and that is to discuss the comments that have been made upon the recommendations in the budget speech and the financial proposals of the government, and I propose to do so in a way that I am quite sure would be expected by my honourable friends both opposite and on this side, and that is to get back to the facts. I'm afraid I'm going to douse the overheated imagination of some of our friends over there with some cold buckets' full of facts, but they are facts and they're there and they won't go away, and I propose to use them as best I can.

Before I proceed, I would like to acknowledge the very kind remarks of my colleague the Minister of Labour and some of my other friends on the backbench. In circumstances such as mine, I should warn the House that remarks of this character are liable to make any Provincial Treasurer burst into tears. I have not been accustomed to remarks in a kindly vein, but I have steeled myself to the ordeal and I have managed to carry myself through without outward display of emotion. But I do thank my honourable friend the Minister of Labour, and more particularly the Honourable the Member for Roblin for his very kind remarks. I shall try to deserve the kind of remarks that they have made.

The facts are, and they are facts, that this is a budget without a deficit; that can't be denied. The facts are that this is a budget without a rise in tax rates, a fact which cannot be denied; and that the matters within my control, the taxes within the control of this government and within the control of this budget, have presented to this House a balanced budget, a balanced budget which in today's circumstances and by comparison with other provinces is an accomplishment of which I think this side of the House is indeed proud.

I would like to give a little of the background and the setting against which this budget is presented in public today, and I quote from a newspaper which in other circumstances has been critical. Nevertheless, the Tribune on Monday, April 1st, was able to present a background against which this budget is being presented, which I now propose to read onto the record at some length in order that we can have an unbiased or an independent testimony as to the circumstances, and they are all facts - they're all facts, my friend, and in my speech tonight I shall be dousing your overheated enthusiasm with great buckets of facts.

The first little ladle full of facts that I propose to put into the bucket follows a quotation from the Tribune of Monday, April 1st, being a Despatch from Ottawa, which says in -- (Interjection)-- I beg you pardon, I didn't hear.

MR. GREEN: April Fool's Day.

MR. EVANS: That was April Fool's Day. No, I'm glad my honourable friend reminded me of that, because -- I wish the member for St. John's were here, I hope he will be. I hope to be able to make some comment on his views as we go along, and I'm looking forward to him being with us and have some exchange on the point. He cast rather dire and significant looks across at our backbench here and said surely they can't believe me, and surely if nobody's going to believe me in this House, it must be for one of two reasons, either I'm a fool or a knave. I deny both allegations and I'd like to prove that I'm not either or both. But my honourable friend reminded me of that little crack when he said it was April Fool's Day. I hope he's not indicating that he thinks I am the fool -- (Interjection)-- Now you shook your finger in a very menacing way and I didn't hear the word.

MR. GREEN: I was referring to the Tribune story, not you.

MR. EVANS: You were referring to the Tribune story, of course. So I understand that point. Thank you very much.

Now, I begin this article, a quotation which leaves out a few of the first paragraphs and it says, giving the circumstances which have now been presented to the country about the budgets of other provinces -- and I think we should compare ourselves in Canada with other provinces and other areas because we have had so much nonsense in this House about the fact that if something happens here everybody's going to leave here and go elsewhere, but where are they going to go that's any better, and so I am going to lay some of the background and some of the foundation of the facts of the other provinces.

This article begins: "This year Prince Edward Island, New Brunswick, and Saskatchewan are broadening the bases of their sales taxes, making them apply to more items, and Newfoundland and Saskatchewan are increasing theirs by one percentage point. Alberta has held out another year as the only province without a general sales tax, but the government predicted one or more substantial new forms of taxation in 1969." Fact: Manitoba no increase in the sales tax.

(MR. EVANS cont'd.)....

"Alberta has held out another year" -- and I have quoted that. "The fashion for 1968 has been clearly established in the gasoline tax which is being bumped higher in seven provinces. Newfoundland has increased its tax to 25 cents a gallon from 20" - they've raised it by five cents a gallon; Prince Edward Island to 21 cents from 18" - up three cents - and the words that I'm interjecting there, "up three cents", are my own, they are not in the article. "New Brunswick goes to 19 from 18; Quebec to 19 from 16; Ontario's to 18 from 16; Saskatchewan's to 17 from 15; and Alberta's to 15 from 12." What do we find here? Did this government raise the gasoline tax? No. It remains the same at 17. --(Interjection)-- I knew it, you see. I don't know whether my honourable friend -- I should probably remind my honourable friend that he should never ask a question until he knows what the answer is going to be. So ours remains in the low range and was not raised this year although other provinces did so.

"Tobacco taxes have been jacked up in Newfoundland, Prince Edward Island, Quebec, Ontario, and Saskatchewan. Newfoundland and Quebec followed the late 1968 increase of federal liquor and beer taxes with increases of their own last week. Quebec has doubled its corporation capital tax in one of the rare levies directed squarely at business. It is a relatively light tab of 13 1/2 million; Newfoundland has put its corporation tax at 12 percent, up from 11." We don't have those corporation or those capital taxes at the present stage and consequently we have no opportunity to raise them. There was an opportunity to put one on; we didn't take advantage of it; we didn't raise or institute that particular tax.

MR. PAULLEY: You put it on the municipalities.

MR. EVANS: Oh, my honourable friend, I'll come to you and I'll come to that subject and just wait for --that's another bucket load - that comes a little later.

"Still to come are details of another tax increase on industry promised by Premier W. A. C. Bennett of British Columbia." Well, Mr. Bennett's outpost - it doesn't have to be here, so I won't dwell on that.

Now, I point out that --(Interjection)-- oh, I think I could always tell you apart. You can't fool me that way - no, no no. And I turn now to the subject of what are the expected results of these budgets in other provinces. Four provinces expect small surpluses; five expect substantial deficits; and as estimated by budget speeches, these will be the provinces in surplus: Newfoundland, \$357,000-odd; Nova Scotia, \$29,000; Saskatchewan, \$690,000; and Manitoba, as one will recall, a sum of \$700,000 estimated. The deficits - and there are a substantial number of provinces with deficits - Manitoba is not among them, Manitoba is among the surplus provinces. The deficits: Prince Edward Island, \$1 million; New Brunswick, \$31 million; Quebec, \$66 million; Ontario, \$252 million; and here's one that shook me - Alberta, \$70 million. Alberta and its oil, a \$70 million deficit. Manitoba - a surplus, almost three-quarters of a million dollars.

So I give that, Mr. Speaker, as background against which the net results of the Manitoba budget are given and as information for honourable members to judge the financial policy under which the budget has been created and against which our results should be judged by comparison with other provinces. I would think that anyone who is putting forth an argument that it is far better to leave Manitoba, as so many of our friends across here do, putting in the press of the nation that this is a place from which one should depart; this is no place to come; things are very bad here; things are declining; don't come to Manitoba; the Provincial Treasurer is responsible for all this; I think they should stop and compare, as some French philosopher who was asked what did he think of himself, he said, "Well, when I judge not very much; but when I compare, well something." Well, when I compare, something, and that something is not bad, and that Frenchman had wisdom.

I had been hoping that my honourable friend the spokesman for the New Democratic Party might have been able to attend at this point, but he hasn't. I think the points that he raised deserve some attention because he is a constructive member of this Legislature, he's one who does his homework, and I'm sure gives the very best of his thought. The points he raised deserve attention and deserve a reply by me, and I shall do my best.

I mentioned the fact that he cast some dark and sinister glances across at our backbench here and said that because the mathematics of our budget seemed to be so bad, that among other things I shouldn't be believed. Well, if I can't be believed, standing here in the position I occupy with the background that I have and the time that I have spent in this House and elsewhere, I think it's too bad. I can be believed either because I have made some -- I cannot be

(MR. EVANS cont'd.)... believed, or I've made errors that caused me not to be believed, either carelessly or deliberately, one or the other - and I didn't make either.

My honourable friend started off by saying that he wasn't much of a mathematician and he wasn't much of an accountant, and I found no part of his address which -- ah, my honourable friend has honoured me with his presence now, just at the psychological moment my honourable friend from St. John's because I had come to the point of my address where I wanted to direct my attention to things that you said in your very able criticism of the budget address, and I do want to pay my compliments, as I have done already in this House a few moments ago, to the thoughtful attention that you gave to the subject. I did draw attention to the fact that you had seen something dark and sinister in certain calculations in the budget, and I had just come to the point of saying that you -- well perhaps I'll go ahead with the point where you had invited the backbench not to believe me because according to you, there were figures that you didn't understand. You were at once able to say that you didn't put much stock in your own financial and accounting and other capacities, and I was about to say that there was no part of your address with which I agreed more heartily.

I would like to provide some information now. My honourable friend dramatically held up two charts, two pie charts, in which in one year we gave a picture by pie chart of the amount of expenditures that would take place by departments or by categories of expenses, and then a year later we gave another similar pie chart and there appeared to be a difference.

MR. SAUL M. CHERNIACK Q. C. (St. John's): There was a difference.

MR. EVANS: There was a difference. Perhaps there was a difference, perhaps more apparent than real. I would like to explain to my honourable friend how it came about. Last year, being the first year upon which all of the accounts of the Province of Manitoba were on a gross basis, the decision was made - and I think at that time it was the right one - to reflect in all the expenditures of the department of Health all of the amounts that were spent, including the premium income. We thought that would display the full picture of the cost of the hospital scheme. In the interval, the Comptroller-General drew my attention to that, that in his opinion, because those amounts were not deposited in the Consolidated Revenue Fund but were in fact directed immediately to the Hospital Commission, that they should not be reflected in our Public Accounts, and so I withdrew them. Consequently, my honourable friend will find that there's an amount of \$13 millions-odd involved in that.

Now he nods his head, and seems to indicate that the passage in his speech which referred to the fact that he thought he had found what the difference was - and he invited the backbench behind me to lose confidence in me by finding out in the same way - but his promise is wrong because he didn't find out and he based the rest of his calculations following on that in his address on that same error and carried it forward. Consequently, he hadn't found out, and for that reason I draw to his attention that the difference in that regard was withdrawn in the current year's accounts not only from the revenue side but from the expenditures side as well, and consequently I was neither a knave or a fool in that particular item. Before you were able to join us, I had drawn attention to the fact that errors of the character that you pointed out to the House and of the size could arise only because I was either a fool or a knave, and I wanted to undertake, not necessarily that you alleged this - and I know that my honourable friend wouldn't do that - indeed he is one of the courteous and correct members of this Legislature and from whom a good many other members of this Legislature could learn, I think to the benefit of our discussions here. That's a little aside. I wanted to pay him that compliment because he has indeed been an example of parliamentary conduct.

Well then, we have this amount of \$13.3 million of hospital premiums which in this year's accounts were withdrawn, not only from the expenditures side but also from the revenue side as well, because the Comptroller-General drew that to our attention, I think in his annual report. Certainly he drew it to my attention and it was for that reason that it was withdrawn. The money does not go direct into the Consolidated Revenue Account and consequently should not be reflected in the estimates.

Then a number of the other calculations to which my honourable friend devoted himself depended on that adjustment in the accounts, and I think I will not follow through the individual calculations that he made. I'll have to confess that to degree I was not able to from the text of his speech, although I did take the trouble to read the entire text myself, and I am very fortunate indeed in having some very able people to assist me. They read it independently and were not able to advise me precisely the course by which my honourable friend had arrived at

(MR. EVANS cont'd.)... the conclusions which apparently came to him. So I think the conclusion from that point is, and coming to the end of his calculations with the hospital premiums out of the figures on both sides, the 1967 revenue estimates were \$339.7 million in round figures and the expenditure figures totalled an estimated \$341.3 million, leaving a deficit of approximately \$1.5 million.

Then my honourable friend draws attention to the fact that coming from a deficit position which had been forecast in the order of \$1.5 million, we had arrived at a surplus position of half a million. And there was some discussion about the amount by which the sales tax revenue had exceeded what we expected, and that was a fair observation to make. They did exceed our estimates, partly by force of circumstances, partly I think because beginning on a new tax in this province and beginning on a new field of taxation in Canada, namely the taxation of services, we had some estimating to make and it appears that we estimated on the low side by four point something or other millions or close to \$5 million and that revenue did in fact accrue to the province.

Well, there are a number of adjustments in the accounts. My honourable friend asks me now I think to reconcile how it is that with some excess revenue that we had not expected and some other events, how it is that we showed only a comparatively small improvement in our accounts, namely of a total of \$2 million rather than the larger amount to which he drew attention. I think at one point he had himself worked up to \$10 million or so.

And so I would like to name some of the adjustments that had to be made in the year-end accounts. This may be rather statistical, this may be rather an accounting affair, but I think I would like to read onto the record some answer to my honourable friend when he raised the possibility that there might indeed be \$10 millions or more that we had had access to and his figures are right or even low. We had had access to rather more than \$10 million, but let's remember that on the other side there were expenditures that weren't expected, and when you add them up and take them off, by the time the net balance is arrived at we were \$2 million better off than we had expected to be. Well he is right in saying that the sales tax produced about \$4 million more than estimated or rather more than that. No comment on that.

I don't know whether he drew attention to it specifically, but the equalization payments were of the order of \$11 million more than we expected and that is a very substantial amount of money. The formula that is used in calculating our equalization payments is somewhat unpredictable, a difficult one to follow. It's a very complex formula indeed, and our estimate was based on the Federal Government's forecast to us, which I think we accepted about at face value and put into our estimates on that occasion. Nevertheless, the eventual payment was \$11 million more.

Then as has been indicated in this House, some of the grants that were available or some of the expenditures that had been forecast for vocational training were not made. But it must be remembered that on the other hand some three-quarters of that must be abated because that was the proportion that the Federal Government would take up.

On the other side of the ledger there was the additional amount that had to be provided for the Pan Am Games. I don't want to be held to this figure but I think it was of the order of \$600,000.00.

Then there were adjustments being made in the education system. The House will remember that the Ottawa arrangements that were made really called for the withdrawal of the Federal Government from the support, including living allowances of certain numbers of people who are in vocational training, and to the extent that those had to be made up by provincial expense, it imposed additional costs on the Provincial Government.

After the preparation of the estimates last year a decision was made to award to apartment buildings the right to use the 9 mill rate for the Foundation Program rather than the 33 mills as a commercial operation, and the cost of that had to be absorbed.

And here's a perennial item, and that's the cost of forest fire-fighting. One never knows in advance the amount of fires, the number of fires that will break out or how much it will cost to fight forest fires in the Province of Manitoba, and so it's customary to put in a somewhat nominal amount relying on special warrants during the rest of the year to make up whatever difference is needed. You simply can't let the fires run; you've got to fight them. You've got to provide the money for fighting them and consequently there's an increase in that amount.

I think most of the members will know that the civil service itself received a seven and a half percent rise in their rates last year which was not provided for in the estimates and had

(MR. EVANS cont'd.)... to be provided for as a year-end adjustment.

The FRED Program began to move in Manitoba as the Federal Government concluded its agreement and we had to provide money for our share. The agreements were not in sufficiently final form at the time the estimates were finalized to provide money by that means and consequently those adjustments had to be made.

Then permanent diking along the Red River and on Lake Winnipeg got under way. True, and let's acknowledge that we had assistance from Ottawa in this regard, nevertheless the Manitoba portion of that money had to be provided and was not contained in the estimates.

There were more vocational students to be accommodated, partly because of the change in the Ottawa arrangements and partly otherwise.

There were higher members' indemnities to be paid, higher than those that had been contemplated in the estimates.

Grants in lieu of taxes to municipalities were up. Winter works were higher and capital projects for water control were instituted to an extent greater than provided in the estimates.

And I want to draw my honourable friend's attention to this particular item, because we were called upon to repay to Ottawa before the end of the fiscal year some \$3 million by which they had overpaid us on a series of taxes. This comes about in the following way. Ottawa provides the province in each case with an estimate of the yield of each of the taxes to be expected in the ensuing year, and they begin to make monthly payments or periodic payments on that basis. It turned out that in the year in question they had over-estimated the amount we would receive by some \$3 million in this connection - and another \$3 million in another I might add - but out of last year's year-end adjustment we had to provide \$3 million for repayment to Ottawa of overpayments by the Federal Government of taxes that we share with them under the tax-sharing agreement.

And so the grand total of expenditure increases that had not been contemplated in the estimates - my honourable friend said that these were only estimates - well of course, that's what they're called. That's the only thing they can be for the year ahead. One has to make estimates, and indeed we're lucky if we come relatively close. But the grand total of expenditure increases over the estimates came to \$7 million and the revenue gains came to about \$9 million, and consequently our net improvement in position came to \$2 million. That's rather an extensive treatment, but I think it was worth putting on the record inasmuch as my honourable friend had called in question the conclusion that I had arrived at and how we had come to the conclusion that we were improving only by \$2 million whereas his calculations led him to a larger figure, and so I've put it on the record. It may have been tedious, but nevertheless it's there for those who wish to have a look at it some time later.

MR. CHERNIACK: Mr. Speaker, I wonder if the Honourable Minister would permit a question.

MR. EVANS: Why certainly.

MR. CHERNIACK: May I thank him for the information and ask him whether it would not be helpful for the future if this type of reconciliation in approximate amounts would be presented to us in the Budget Address so it wouldn't have been necessary to try and guess as I did.

MR. EVANS: I'm inclined I think, as I've said before, to try to give as much information as possible and I agree with my honourable friend's principle, that if it's possible to do so I would want to and I will so long as it's my responsibility. --(Interjection)-- Yes, but my Premier may still be satisfied with me. I don't know.

MR. PAULLEY: ... the whole caboodle.

MR. EVANS: Oh, I see. You had a different point in mind. Well, there you are. It takes all sorts to make a world doesn't it.

MR. PAULLEY: That's right. Oh sure.

MR. EVANS: But I think we have a little bit of a difficulty, my honourable friend from St. John's, in this way, that normally the House may meet in January or February or March. We're extremely late this year and consequently I'm able to give a kind of year-end reconciliation on this occasion which would not be possible in January or February, or to some extent even after March, because the accounts of the Province remain open for twenty days after the end of March so that all accounts can be brought in and paid. So even at the present stage I am giving a reconciliation in some part on estimate. I acknowledge the desirability of giving information to the members of the House; I think they deserve it and I'll do my best. I ask you to consider some of the difficulties that I would have in providing this kind of information

(MR. EVANS cont'd.)..... in any other Budget Address.

Now I would like to refer to a figure that my honourable friend, I think, quoted as some \$48 million having to do with education expenses. I was not able to trace that figure but I give him assurance that the estimates which were presented last year amounted to \$61.5 million and included universities, school tax rebate, and the new Foundation Program and the continuing grants to the school divisions that were not in the new program. The amount in the estimate was \$61.5 million and the total amount was spent: \$45 million on rebates, \$12 million on special grants and non-unitary grants. Those amounts come to the \$61.5 million and they were in fact spent. I was not able to trace my honourable friend's \$48 million figure.

Now my honourable friend draws attention to the corporation tax for 1968, and we adjusted our figure somewhat downward partly because this is one of the taxes that had been over-estimated by the Federal Government in the year before, and I thought rather than put in our position of being overpaid and having to pay back, that we would make allowance for that, and indeed there was great financial and business uncertainty at the time this budget was being drawn. The financial markets of the world were upset and my best advice was to make some reduction in the estimate of the profits that would arise and of the taxation that might arise on corporation profits. Right, wrong, or in the middle, that's why I did it; that's what I did.

Then my honourable friend drew attention to the fact that the corporation tax appeared to rise from 10 to 11 percent. I hope I'm not quoting him wrongly in any way - he looks puzzled at this moment. I'm not intending to quote him wrongly but I took him to mean that the corporation tax had appeared to rise from 10 percent to 11 percent and this should in fact have given rise to additional income to the province. Well, the corporation income taxes transferred to the province were 11 percent last year, including our hospital tax of one percent, the basic nine percent abatement by Canada and one percent post-secondary support, that is support for post-secondary education from Canada. They are the same this year, in both cases they amount to 11 percent. There was in fact no rise in the percentage taxation of corporations.

Now my honourable friend comes to - I think those are most of the points that appeared to me to be his arithmetic problems or the ways in which he did not understand the accounts or the way I arrived at my conclusions of surplus and other matters. I hope I've been able to provide the information he was looking for. If not, either by public question in the House, and answered publicly or privately, I'd be glad to provide any other information that I can.

Now I come to another, and I think very interesting and important section in my honourable friend's address. That has to do with his philosophy about taxation, if that's not an over-worked phrase. He states, I think his general principle that money should be raised on the ability to pay taxes and that this money should have been disbursed in some other ways. I think that's not unfair to say what his philosophy is. He may not agree with me when I say that it's based generally speaking, on the concept of "Let's tax the rich", let's tax the big boys, let's tax almost anybody except the people that we represent." Not unfair, I hope. But this is a concept that he has of taxation. And he does acknowledge in his address that taxpayers are people and react as people. Well, of course they do. But I remind him also that the shareholders of companies are people and react as people. I think further we should note that investors are people and indeed react as people, and so we must take human nature into consideration when we're considering the philosophy and the basis upon which our taxation takes place. And let's remember that these investors, under that general academic concept, who are they? Well, they're people. And I think these large sums of money which are made available by the people who manage the pools of money, such as insurance companies, investments, trusts, pension plans, gather all the in-puts of money into that from people, mostly little people, mostly in small amounts and they gather them together and manage them, and consequently the people, the investor, this academic, this rather empty concept to me, this rather cold concept should be filled out with flesh and blood and say these are people as well, and consequently my honourable friend has drawn attention to the fact that the taxpayers are really people. Well, my honourable friend I think puts forward the proposal that everyone above \$10,000 income can pay much more - I hope I don't take him out of context, if I say it would be a logical deduction from what he said that you could get enough money from the people of \$10,000 income and more to do some of the things my honourable friend said should be done, including the reduction of municipal taxes, and I'd like to see them reduced, and the relief of a good many other social conditions amounting to very large sums of money. Well, I promised my honourable friend some facts. The fact of the matter is that only three percent of the people who are taxpayers

(MR. EVANS cont'd.)... in Manitoba have \$10,000 income or more and only 13% of the income of people in Manitoba fall into that category. And really we could take all of the money of these people with \$10,000 income and more and not come up to half enough to run the provincial budget. So my honourable friend is a self-confessed person who doesn't really have the accounting and statistical background to work out these conclusions.

MR. CHERNIACK: Modest.

MR. EVANS: Modest. My honourable friend is a modest man and I think that in some respects, particularly with regard to his accounting he has every right to be so.

Now where does this leave us if we took all of the money of the people in this so-called rich category? I would think that a great many people with an income of ten, eleven, twelve thousand dollars a year would be surprised to consider themselves as the rich, who are the targets for the slings and arrows of my friend over there, but even if we considered taking all or most of their excess income above \$10,000 we'd very soon find that that class of people being people and reacting as people and being human, would very soon disappear from the province and then you must move another notch down and it's the \$9,000 people that you would then attack and drive from the province and then the eight and then the seven and then the six. It wouldn't be long before very few people would be left indeed and my honourable friend would be completely out of ammunition for a speech such as he made a short time ago.

MR. PAULLEY: No People, no problems.

MR. EVANS: No people, no problems. Give them machine guns? That's right, we were talking about the barricade. Oh, my honourable friend over there, he was going to put me on the barricade. We were going to meet there this afternoon. I must say I enjoyed - my honourable friend makes a very sound contribution to his debates in this House and I think it's only right to stop and say so. That he commands the attention of this House because he talks common sense. At least he attracts my attention and I'm sure he does a good many others as well.

Well, we cannot afford any barriers, any fresh barriers to new people and new enterprise in this province and I would agree emphatically with both parties when we say that local taxation is high, that it should be reduced and that by every means we should endeavour to do so. Shifting taxes around and continuing to spend without restraint. My honourable friends would be quite surprised in both opposition parties to know that I had pulled a trick on them this year, that my honourable friend the Member for Lakeside's government pulled on me one time and that is he kept tab of the cost of everything that was asked for from the Opposition side. I think it was Ron Turner did it in those days and it was a very -- well, I warn you, I've kept track of every mortal penny! And so asking for everything and soaking it all on the people who earn \$10,000 and more simply won't work. If we punish investors they go elsewhere, especially mining investors because they can go anywhere. There's lots of ore in the world and we're in competition with other governments and other arrangements elsewhere. They'll go elsewhere. If we discourage savings we kill the investment sources because these are people too and they react as people. If we tax all profits, we leave nothing to reinvest and if we hit everyone in that case including the small businessman and the farmer, etc., we have no people who are creating the economic wealth from which some saving can be made and re-invested.

Well, I think my honourable friend will agree that I have indicated some hesitation at least about his economic philosophy and the statistics upon which he bases his budgeting. Under such treatment as that...

MR. CHERNIACK: Will my honourable friend permit a question? Just clarification. Did you say that the people earning over \$10,000 in Manitoba constitute three percent of the people of Manitoba or of the income tax payers of Manitoba? Which is it?

MR. EVANS: Yes, I think the correct statistic is income tax payers, although I think it doesn't make all that much difference. There may be some difference in size of family between people earning \$10,000 and more and those earning less, I don't know. Surely either comparison would suit. I don't know. But with punishing taxation of that kind and people being people, I'm sure you would find that new jobs do not appear; you find that the young progressive people either don't come here or don't stay; you find that new investment is hard to attract and you find that farmers - and this is a very significant event, a very significant item - are hard put to maintain their enterprise, because on the occasions on which they do make an income it's generally substantial and on other occasions they have to spin it over the lean

(MR. EVANS cont'd.)... years. So I think -- I've heard that for ordinary hallucinations, one has only to take a little LSD, but for financial and economic hallucinations I recommend just a little NDP.

There's so many other interesting aspects of this discussion that I would like to go into and I think -- I regret ending on that rather smart aleck note with my honourable friend, because I do want to say to him that I think he gave an intelligent and serious discussion of budget matters from his point of view and I hope I have replied from my point of view and I hope that between the mixture of these views, that the House and the people will be able to come to a sound conclusion.

Well, now I'd like to, in the time remaining, be able to devote some attention to the remarks of the Leader of the Opposition. Mr. Speaker, I have made bold to combine these together because it does seem to me that the motion by the Honourable Member for St. John's was merely a modification of the general motion presented by the Leader of the Opposition and so I'm taking the liberty of referring to both sets of remarks at the same time.

Well, I take the main thrust of my honourable friend the Leader of the Opposition's remarks to be in the following three groups: he said the cost of everything is going up, including taxes; and I agree with that except that the taxes over which I had control or this budget had control, did not go up and provided themselves as something of an example in this naughty world. The second is to the extent that he said the economy is not moving ahead. Well, that's his view. It's not mine. The facts are different and I for one will go with the facts, rather than the unsupported statements of my honourable friends across there.

Then he went on to say that we are wasteful and extravagant. And I got my pencil out hoping I would be able to find a long list of things upon which I could practice economy and make a hero of myself and save money for the people of Manitoba - and how long's the list? There's nothing on it. I had a blank piece of paper when I was finished. I had headed up a sheet that action to be taken upon the recommendations of the Leader of the Opposition. I even put down the figure 1, and even opposite the figure 1 was blank. The amount of money to be saved was blank. --(Interjection)-- No, I must say that while I was out of the House there was an item. My honourable friend wanted the TED program cancelled --(Interjection)-- Yes, all right. My honourable friends have given me two. Do I hear a third?

MR. MOLGAT: ...more coming. Plenty more.

MR. EVANS: The first one my honourable friend put a price tag on himself - \$75,000. The next one can be seen in the estimates at a hundred and some odd thousand; add the two together, shall we call it \$200,000 - well worth saving. Well worth saving. I don't care how small an item it is, it's well worth saving and if it can be saved with profit to the people of Manitoba I'm as anxious as my honourable friend.

MR. MOLGAT: Support it then.

MR. EVANS: But not the savings of the magnitude that my honourable friend was talking about or trying to make the public believe were available through waste and extravagance, those were the words - waste and extravagance in the administration of this government. Well, my honourable friend made some reference to the relations, the Federal-Provincial relations, my honourable friend from Lakeside gave us a very constructive contribution to the debate this afternoon. I really wish to leave myself ample time to make some comment on his contribution because I feel that he has the interests of the province at heart to begin with, and great experience in the background and I for one feel that I can learn much from him, and consequently I must not allow myself to run short of time so that I cannot comment on his remarks.

But I'm a little puzzled as to where it leaves me. Both the Liberal Party and the NDPs seem to agree that we should get more from Ottawa, certainly the Liberals say they are not defending Ottawa, they're not particularly on their side, that they're really on Manitoba's side and I agree with that. My honourable friend the Leader of the Opposition has always taken that ground, always said so. Certainly when he accompanied us with the Air Canada delegations down east there was nothing equivocal about his stand, he was for Manitoba. But just how or what? I was quite interested to see the budget address of Mr. Norquay, in 1881 I think it was, in which he called attention to this very great difficulty of getting sufficient funds out of the joint pot at Ottawa to run the province and I think his problem came down to a sum something in the order of \$91,000, but nevertheless it might repay reading to discover the great length of time over which this problem has persisted. His last remark, from memory, in that rather historic document was "It is apparent that the end of these visits to Ottawa is not yet." And it

(MR. EVANS cont'd.)... is apparent to me that the end of these visits to Ottawa is not yet and I go there greatly comforted by the fact that I have the backing of the Leader of the Opposition and his party and the Leader of the the New Democratic Party and his associates, because I take it that I would have his backing in negotiating the best possible deal with Ottawa.

Now, on this subject I was asked to give some detail of the tax transfers that do in fact come from Ottawa and I want quite seriously to provide any information as factually as I can, concerning any requests of this kind. They're all in the estimates but I'm glad to extract them. Well, in shared cost recoveries, we have some \$85 million - I'll give the detail of those in a moment - and in tax transfers - \$117 million, and I think if one adds those together it comes something slightly over \$200 million. I think when some other smaller amounts are added, I've been using the figure of \$210 million, that come to us by way of cheques drawn on the Ottawa Treasury. Let me give the detail of the tax transfers. The first one is the personal income tax is \$51.4 million; the corporation tax is \$21.1 million. I wonder if my honourable friend wants me to wait while he takes them down? They'll be in Hansard. Then the estates tax is \$4.8 million and some attention has been drawn to the fact that this sum was larger. We have no way of knowing why. It's an estimate provided to us by Ottawa because it's a federal tax and they remit to us 75 percent of their collection and they gave us a figure for Manitoba of \$4.8 million.

The equalization payment in the coming year is expected to be \$40 million and with regard to the statutory subsidy there is an amount of \$2 million. That statutory subsidy is an interesting and colourful bit of history but I think time doesn't permit us to go into it at the present time. The money is really being paid to us because we didn't have any debts at the time the Province of Manitoba went into Confederation. Other people did, so they say this is unfair because some other people went into Confederation with debts and Manitoba didn't, therefore let's give Manitoba the money that they don't owe anybody. Well that's a dandy. That's worthy of my honourable friend from St. John's. Nevertheless, I think that's not an untrue way to say it. It's an interesting bit of financial and other kinds of history. Well those things make up \$117 million in receipts from the federal tax arrangements, if my mathematics are correct.

Then we come to the details of the shared-cost arrangements and education support comes to \$21.2 million and health recoveries including \$35 million for the hospital plan. That is a total of \$38 million under health recoveries and welfare programs \$17.7 million. And if those figures are right they should come to some \$85 million. There is about \$3.5 million on current account for water control projects and all those things and a few other items. The notes I have here indicate there are a few other items which go to make up a total of \$85 million. And so we say on shared-cost programs there is a total of \$85 million from Ottawa.

Well let me say at once that we would indeed be lacking in appreciation or even a responsible attitude if we said we weren't glad to have this. That indeed resulting from the Rowell-Sirois investigation of so many years ago this foundation of holding Canada together by a more even distribution of the means of carrying on governments has been a resounding success to this point. It would be wrong to say anything else. We are glad that that arrangement exists; we're glad indeed to have this revenue. My honourable friend the Member for Lakeside said in his day that it provided a basis of confidence upon which they could move forward and that's a very real and vital thing and has been a contribution to our economy. But we say at this stage that it isn't enough. And I want to put forward another and a new point of view, one that I have not perhaps heard expressed in public in this way. And that is there seems to be a general impression abroad that we receive this money through the generosity of the Federal Government or indeed from other provinces which are transferred to Manitoba, those of greater wealth send money here to keep us going. But it isn't so. Because all of the money that is made available to us through the federal channel is Manitoba money. And indeed there is taken from Manitoba in the income taxes and the other taxes that enter into the tax transfer payments, a sum in excess of \$400 million a year and the returns to Manitoba out of that by shared taxes and equalization payments amount to some \$210 million and we do not receive a penny here of taxation arising in other provinces. We receive back into Manitoba only something slightly in excess, somewhat in excess, of 50 percent of the money that's extracted by the joint Federal-Provincial shared-tax arrangement or individual income tax, corporation income tax, the succession duties, I think that's about all.--(Interjection)-- Together... - my friend, no. And you don't mean it either because you're a Canadian first. I know you too well. I'm a Canadian

(MR. EVANS cont'd.) first and you know me too well to make that suggestion to me on this floor. Right?

MR. PAULLEY: Right. But that's what you're arguing now.

MR. EVANS: No I'm not. No such implication can be taken from what I said and my honourable friend is twisting what I say when he infers that it could. Period.

Now, this money to the extent of some \$410 million is extracted from Manitoba taxpayers in these classes of taxes and we receive back some \$200 million, including equalization. Consequently I think we should begin to look on this in a rather different light. This is money that arises from Manitoba taxpayers; this is Manitoba money which is then taken to Ottawa and I think it would be fair to say that we make a very considerable contribution to the conduct of the Canadian Government from the Manitoba taxpayer. Actually this is the German federated system you know where the states or the individual -- what corresponds to the provinces -- make their contribution to the carrying on of the central government. We have come to believe in Canada that these sums that are brought back after federal-provincial fiscal conferences are contributions to the provinces by the Federal Government out of some source that does not arise in the province itself. Well this is wrong. It's a mistake. It's a complete reversal of what the true situation is. Well then let's be very very clear about what we talk about when we say that Ottawa makes these contributions to us.

MR. MOLGAT: Would the Honourable Minister permit a question? Is he leaving now the figures at this point? Is he going on to another point now? Well I wonder then if he could relate for us the figures that he gave us now of the Ottawa receipts as compared to the table he gives us on Page 36 of his budget. Because the figures he gave us today do not compare to those.

MR. EVANS: Well perhaps I should just repeat what I have said. My honourable friend undoubtedly has my budget address figures there and if he wishes we can discuss them back and forth.

In tax transfers a total of \$117 million. I think my honourable friend may want to look lower on the page and find the tax transfers that are made available under Education Grants. --(Interjection)-- Because some of those things have to be added together. And I give him now my figures -- rapidly again -- and we can have some discussion of them later if he wishes. But of the --(Interjection)-- I beg your pardon. Oh I've missed it. Well in tax transfers a total of \$117 million; in shared-cost recoveries some \$85 million; the tax transfer payments made up as follows: personal income tax \$51.4 million, corporation tax \$21.1 million, \$4.8 million in estates' tax; equalization \$40 million and \$2 million in statutory subsidy. Then we come to shared-cost programs: \$21.2 million for education support, \$38 million for health recoveries, and \$17.7 million for welfare programs.

MR. MOLGAT: Mr. Speaker, the problem is that the figures do not relate to what the Minister gave us in his budget. His budget tells us for example that equalization will produce \$38 million. He tells us today that it's going to be \$40 million. His budget tells us that shared-cost receipts are \$80.9 million. He tells us today it's going to be \$85 million. Now what is the exact total? According to the budget, the figures you gave us, this year the receipts from Ottawa will be \$218.9 million.

MR. EVANS: I'm not able to in the middle of an address to reconcile two sets of figures that way. I'd be very glad to talk to my honourable friend about them afterwards and give him the make-up of the figures.

I think there is another important section of his remarks to which some attention should be paid and that is the situation in which the municipalities find themselves, which as he points out to some degree and it's a very considerable degree, is not dissimilar from the position in which the provinces find themselves with relation to the Federal Government. And the solution for both our difficulties is a better sharing of the tax revenues that arise in the province and when that is made available the Provincial Government will not be slow to share with the municipalities themselves.

I would like to draw attention to the fact that the province turns over almost half its revenues to the municipalities directly or indirectly for things that at one time were the responsibility and the sole responsibility of the municipalities themselves. In the 1968 fiscal year and in the estimates before us the total amounts to some \$167 million made up as follows: The list includes school and library aid of some \$73 million; \$18 million in technical education aid; the local education field comes to \$94 million and there's \$35 million in welfare support. That

(MR. EVANS cont'd.)... comes in my arithmetic to \$167 million. In any event, if those things were not being supported and done by the Provincial Treasury, much or all of that expenditure would fall on the municipal taxpayers and on their municipal tax base. It all adds up and at \$167 million — and I must say that in that figure that I have given in addition to the amounts I have quoted, there are road grants, bridge building and winter works, urban renewal housing and a number of other items some of which are large and some of which are small -- but it all adds up to \$167 million and means that we turn over to local support almost as much as we get in all forms from the Federal Treasury and more than we raise from our own taxes in this province. We have our own tax sources here and I shan't detail them because I'm afraid I'm taking an overly long time as it is.

Well how has the share that the Provincial Government takes of these expenditures grown over the recent years, shall we say the ten years during which we have been responsible for the administration of this province. And I might point out to my honourable friends that the total expended for these purposes in 1958-59 was \$1,661,000.00. I want to correct that figure. The total is \$35,328,000 and at the present time it's \$167 millions and more. That latter figure, we are giving now over four and three quarters times as much as was provided by the government headed by my honourable friend over there when they left office. Four and three quarters times as much money. My honourable friends want the details: in education it has gone up from \$16 million to \$94 million, nearly six times as much; in welfare it's gone up from \$9 or \$10 million to \$35 million in ten years; in health it's gone up from \$1.6 million to \$5.3 million; in highways and bridges from \$3.3 millions up to \$14.2 millions and other services from \$1.3 millions to \$13.8 millions. And altogether a very substantial rise. In ten years it has multiplied itself by four and three quarters times. That's not bad in itself. I think the rate of progress is pretty elaborate, I think it indicates that our heart's in the right place. If we have it we'll share it. If we haven't got it, we can't. And to the extent that we have been able we have shared the municipal burden.

Well now we must recognize that the situation faced by our municipal people is difficult and perhaps a Provincial Treasurer is in a good position to appreciate the difficulties faced by municipal treasurers and city treasurers and I think I know the difficulties under which they labour. And as I have said we have given some evidence that when the means are available, we will share; we'll make them available. But until we have them it would not be a responsible financial policy to either make provision for them or indeed to promise what we could not fulfill.

Without going too much into detail I simply tell my honourable friends that with the exception of Alberta the joint taxes for the provinces and the municipalities together in Manitoba are lower by a substantial margin than in Ontario, lower than Saskatchewan, they're not as low as Alberta but I'd trade their oil for some of our sources of taxation, and certainly lower than British Columbia — when you add the municipal taxes and the provincial taxes together the total load of the Manitoba provincial taxpayer — because the federal taxes are common to every province — and so the total load on the Manitoba taxpayer with the exception of Alberta is lower here than any other place in Canada with the exception of the Maritimes. What price then? All this gloom and doom about taking your industries and your family and everybody else and departing from Manitoba. Where would you go? Where would you go that would be any better? — (Interjection) — Quebec? Watch out for the taxes, for the deficit such as they face this year and a higher rate of taxes than we have now. Well I want to come to — (Interjection) — I'm sorry my honourable friends I didn't hear.

MR. CHERNIACK: I was asking about the comparison in the income of the people in the different provinces.

MR. EVANS: Yes, at this stage, I haven't those figures before me. I think it would make a good discussion, and Manitoba — I can say one thing for sure — that we're riding the Canadian average. There are some that are more fortunate than we. There are certainly a lot that are worse off, and that is I'm afraid as precise an answer as I could give you at this stage. I'd like to turn for a moment to my honourable friend's contribution this afternoon about the debt position of Manitoba and to make some comments on it...

MR. CAMPBELL: ... question before he goes on to another point with regard to the contributions to the municipalities. Would my honourable friend just look at the figure that he himself has given within the last couple of minutes. Will he not notice that during the time of the previous administration that we were giving practically all that we got through these Ottawa payments to the municipalities whereas my honourable friends are giving \$60 million less than they get from Ottawa to the municipalities.

MR. EVANS: I'll take notice of my honourable friend's question.

I'd like to turn now to the comments that he made with respect to the debt structure. He drew our attention to the fact that our debt is some \$395 million -- I think these are the figures that he used, I took them down -- on direct account and a guaranteed debt of \$584 million or a total of \$979 -- if I've a few odd figures wrong, I think we're in the same general territory. Then he made the deduction of the sinking funds, money already in hand to retire those debts and came to a total of \$875 million and held that out as the one and only correct statement of the provincial debt at this point. I see my honourable friend is nodding and consequently I don't take him wrong, don't misrepresent what he said, I don't you know try to distort his position, I wouldn't want to do that. So my honourable friend nods and he agrees with me on that point.

Well, I must say his own government didn't have that point of view when he had control of the financial affairs of this province. I was in the House at the time and I remember the Honourable Charles Greenlay, perhaps from this very seat, if I remember, presenting his budget and I find his presentation of the public debt figures in a table on Page 43, in which he adds some other titles to the list that my honourable friend found that I used such as gross debt and gross guaranteed debt and net something or other else. He did enumerate certain titles that I had used - I wasn't quite sure why I was at fault in using those titles, but my honourable friend used some more that I didn't use. I have some of them here. There's the gross debt of course. Then there are the gross debt x- guaranteed securities and there's the gross non-utility debt. My honourable friend might want to write those down to add to his list. But in that page of the budget address there is set out in two separate ways the guaranteed debt of the province and the direct debt. In this thing it's called the Dead Weight debt - not the General Debt - it's the same thing exactly; and in the budget address of the Honourable Charles E. Greenlay in 1957 there is the division made between the guaranteed debt and dead-weight debt. I went back to a man who I admired very much, the Honourable Ronald D. Turner in his 1956 budget speech and I find exactly the same table, presented exactly the same way. When I say exactly the same way I draw my honourable friend's attention to the fact when I say exactly the same way, exactly the same way my budget presented it, precisely. I said so in my budget address that I was presenting it in the traditional way, and there was the division between the dead-weight debt so called, and the self-sustaining debt, and I must point out to my honourable friend that it was not the practice of his provincial treasurers to follow his precepts.

MR. CAMPBELL: It's all debt.

MR. EVANS: "It's all debt" he says, but he rather chided me for trying to divide it up and he allowed -- oh but I asked my honourable friend whether I was misrepresenting him when I said it should be all represented as one figure and he nodded his head and I noted the fact and -- you see I did it with malice aforethought.

MR. CAMPBELL: Mr. Speaker, I nodded my head that he was giving the correct figures. I was simply adding them together to make the point that it's all debt, all debt. That's all.

MR. EVANS: My honourable friend left me with the clear impression that he thought it should not be divided into the classes and it should be all considered on the same basis, but I see he denies that now. And indeed he must be thinking back to his own principles because there is a statement here that says: "I think however, that it is well to announce at this time a new policy with respect to our debt management which we plan to introduce at this session of the Legislature. The probable extent and scope of public power development from now on makes it desirable for us to deal with the future debt to be created for power generation as have the other great public ownership provinces of Ontario, Quebec and British Columbia. We plan to authorize the Hydro-Electric Board to issue bonds in its own name with provision for guarantees by the province. This will mean that in future the direct debt of the province will be shown separately from the debt of this new expanding utility, Hydro Board public borrowings will be made separately from borrowings for other provincial purposes. This is desirable if we are to keep the Board's financial affairs completely separate from our own in such a way as to be readily seen by all people at all times. It is a new departure for Manitoba but one for which the trail has long since been blazed by the three largest provinces of Canada, in the same field of public power ownership." Now, Mr. Speaker, I'm sorry I forgot to identify the source. This is the budget speech of the Honourable D. L. Campbell, Provincial Treasurer of Manitoba, delivered on the 21st day of March, 1951. It doesn't say what time of day.

(MR. EVANS, cont'd.)

Now, I've told my honourable friend that I am wide open to instruction and to emulation of his example. I agree with what's said there. I think it's the sound and right thing to do, but my honourable friend keeps trying to indicate to us that the debt of Manitoba is not so much dead-weight and that there is no difference between the self-supporting and realizable debts of the province and those that are for dead-weight purposes. At least my honourable friend left that impression with me, and if he says that is not the case of course I accept his word for it.

Now I do indicate to you that our debt has been presented in the traditional way and I said so in my budget address, that we are presenting it both ways. My honourable friend will find in the relevant pages of my budget address on Page 42 is the traditional presentation of the Public Debt in exactly the way he did, allowing for the self-sustaining debts themselves and those which do not rest on the provincial taxpayer, and on Page 45 I presented a new suggested way of looking at the provincial debt of Manitoba. A way, I might say, that is acceptable to the Securities Exchange Commission of the United States, past whose examiners we must go if, as and when it becomes desirable to float a public issue for the Province of Manitoba in the United States, and it may well become an opportunity at some time although I'm not forecasting that at this stage. I simply say that in view of that possibility we have had discussions and I myself went to Washington and had discussions with the Securities Exchange Commission and the method by which this calculation is made on Page 45 of the budget address is a method in the way of compiling debt that is acceptable to the Securities Exchange Commission of United States. Let it not be said that I have submitted the figures of the Province of Manitoba to the Securities Exchange Commission in this form and had approval - no. I don't mean to imply that. I simply mean to say that I have taken a method that they find satisfactory and have converted the Manitoba figures to that form.

And so on Page 45 - I don't know whether my honourable friends want to follow it - the debt of the Province of Manitoba is set out in a new way, which I would like to run over in some slight detail. There is the whole of the funded debt as at March 31st. My honourable friend from Lakeside used figures as of December and there is a slight difference, my figures here show \$388 million; his show something a little different from that but not much. I point out to him that I have added to that figure of debt an amount that has never been entered into the Public Debt of Manitoba before, totalling some \$50 million which had never been placed in the record before as a Public Debt of Manitoba and is comprised very largely of the cheques outstanding at the end of March 31st in the amount of \$33 million. And other items as follows: Accrued interest and other charges, \$6 million 8; Accounts payable, 4 3/4 million; special funds to which we owe money, some 4.6 million - adding up to \$50 millions 153 and a grand total of \$438 million. And so I don't think it can be said that I have been minimizing the debts of the province. I have taken all the funded debts, all the debentures outstanding and the Treasury bills in both Canadian and American funds, added them up; they come to a figure that my honourable friend from Lakeside agrees with. But I've added \$50 millions to it and we come to a total of 438. So I don't think I'm trying to minimize or hoodwink anybody about the extent of the debt; it's all there. I've added to it; I've taken in everything that we owe, I think, I hope. But then I think I am entitled to extract from that or subtract from that total the revenue bearing and redeemable assets the Province holds in the Treasury. Well, my honourable friend shakes his head and says we're not. I say to him that I think we're entitled to take off that total sinking fund investments of \$67 million. He nods his head. He agrees with that item. Temporary and other investments; we have paper which can be marketed of \$78 million. He shakes his head. He and I have different views about it. I say they can. That the \$78 million of securities can be marketed. Then I suppose this is one of "You are, I ain't" arguments and perhaps I had better go on to the next item.

Then there are advances which have been made to the Manitoba Telephone System of \$56 million at various points of which they have repaid nearly \$8 million, so this thoroughly solvent utility owes us \$48 million. I think we'll get it back. The same thing with the Hydro in the amount of \$52 million and there's 100 between those two, and so on down the line with advances to the Manitoba Agricultural Credit Corporation, mostly in the hands of farmers with security against the assets, land and otherwise of these farmers. They'll pay back. My honourable friend cast question on the credit-worthiness of our farmers. I have confidence in them even if he hasn't. Advances to the Manitoba Development Fund fully secured.

(MR. EVANS cont'd.) They had no losses in their years of operations. At least some very substantial part of that is recoverable. I say all of it. Especially when there is subtracted from their accounts the contingency fund that they have there, the reserve for bad debts; reserved for the bad debts that don't exist. Then advances to municipalities 12 million; amounts due from the Government of Canada, they're collectible, 17.6 million; or if they're not we'll count on our honourable friends there to help us collect it; and other assets of \$14 million coming to \$336 million of revenue-bearing realizable assets which should be deducted. Well, my honourable friend disagrees with the Securities Exchange Commission of the United States, he's free to do so. I think that they have pretty expert people and I have offered this analysis of our accounts on that basis suitable to them for the information, not only of the House but of the investment world.

I thought I should direct attention to my honourable friend's comments about the gross debt of the province as being eight or nine hundred million dollars when he had not drawn attention to the assets which stood behind them nor to the fact as to what proportion of the debt - although he did give the figures and added them together - of the self-sustaining and revenue-bearing debts, but he emphasized one total, I think when the investing and other public looks at Manitoba and its debt, it should have regard to the net or what used to be called dead weight debt on the province and not those debts which are borne by good live assets which are in fact paying the interest on them and generating enough in the way of cash to retire the principal amount.

MR. SPEAKER: Order, please.

MR. EVANS: Mr. Speaker, my one remark would be I may have indicated that I will not support the amendments of my honourable friends.

Continued on next page

MR. MOLGAT: Mr. Speaker, I appreciate that under the rules the time is now up but I would like to say that from our standpoint if the First Minister of the province would care to join the debate we have been looking forward to hearing from him on this most important item and I would be prepared to give leave to have him proceed.

MR. WEIR: Mr. Speaker, my colleague, the Provincial Treasurer did admirably. I'm prepared to stand by the defence that he made of the budget and there will be other occasions at other sessions to hear from me.

MR. SPEAKER: Order, please. I believe the bell has tolled. It's now 9:30 and by the rules I must put the motion. Are you ready for the question on the sub-amendment.

MR. SPEAKER put the question and after a voice vote declared the motion lost.

MR. PAULLEY: Ayes and Nays please, Mr. Speaker.

MR. SPEAKER: Call in the Members. Order please.

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

YEAS: Messrs. Cherniack, Fox, Green, Hanuschak, Harris, Kawchuk, Miller, Paulley, Petursson and Uskiw.

NAYS: Messrs. Baizley, Barkman, Beard, Bjornson, Campbell, Carroll, Clement, Cowan, Craik, Dawson, Desjardins, Dow, Einarson, Enns, Evans, Guttormson, Hamilton, Hillhouse, Jeannotte, Johnson, Klym, Lissaman, Lyon, McGregor, McKellar, McKenzie, McLean, Masniuk, Molgat, Patrick, Shewman, Shoemaker, Spivak, Stanes, Steen, Tanchak, Vielfaure, Watt, Weir, Witney and Mesdames Forbes and Morrison.

MR. CLERK: Yeas 10, Nays 42.

MR. SPEAKER: I declare the sub-amendment lost.

MR. SPEAKER put the question on the amendment to the main motion and after a voice vote declared the motion lost.

MR. MOLGAT: Ayes and Nays, Mr. Speaker.

MR. SPEAKER: Call in the Members.

A STANDING vote was taking, the results being as follows:

YEAS: Messrs. Barkman, Campbell, Cherniack, Clement, Dawson, Desjardins, Dow, Fox, Green, Guttormson, Hanuschak, Harris, Hillhouse, Kawchuk, Miller, Molgat, Patrick, Paulley, Petursson, Shoemaker, Tanchak, Uskiw and Vielfaure.

NAYS: Messrs. Baizley, Beard, Bjornson, Carroll, Cowan, Craik, Einarson, Enns, Evans, Hamilton, Jeannotte, Johnson, Klym, Lissaman, Lyon, McGregor, McKellar, McKenzie, McLean, Masniuk, Shewman, Spivak, Stanes, Steen, Watt, Weir, Witney and Mesdames Forbes and Morrison.

MR. CLERK: Yeas 23; Nays 29.

MR. SPEAKER: I declare the amendment lost.

MR. SPEAKER put the question on the main motion and after a voice vote declared the motion carried.

MR. SPEAKER: A little louder on this side but the... The Honourable Member for Arthur.

COMMITTEE OF SUPPLY

MR. CHAIRMAN: Committee proceed. The resolution before the committee: Resolved that towards ...

MR. CAMPBELL: Mr. Chairman, as some of the members of the House will recall my honourable friend who now represents Wolseley constituency and I had what developed into quite an argument last year at this stage. I certainly renew the suggestion that I made at that time and that is that we do not deal with the motion in the Committee of Ways and Means now. I know that as yet there is no motion before us and if you want me to wait until it's read that's quite OK with me but I certainly will again protest in the most vigorous terms if there is an attempt to pass this motion tonight.

The Honourable Member for Wolseley and I discussed this at great length but to me it is simply the worst kind of illogic to pass a motion that grants to Her Majesty all of the money that is contained in the estimates at a time when we have approved of less than a third of the estimates. That may be merely a formal thing, but the minute we pass the motion that's before the Chairman now we might as well close up shop and go home as far as the Opposition is concerned. I wish to say it's quite OK to have some discussion in Committee if you wish and I have no objection if you want to have the motion read in order to have something for us to

(MR. CAMPBELL cont'd.) debate but I certainly am going to urge that we do not pass it at this time.

MR. LYON: Mr. Chairman, we're not -- what we would like to do is to have the motion read in Committee tonight. We don't think the point is worth wasting the time of the House arguing about. It could be done now with no damage to the House at all; it can be done later. We'll do it later.

MR. CAMPBELL: Mr. Chairman, my honourable friend says he doesn't think the point is worth wasting any time about . . .

MR. CHAIRMAN: Order, please. I think if we proceed and put the motion before the Committee. Resolved that towards making good the sums of money granted to Her Majesty for the bill for the public service of the Province for the fiscal year ending the 31st day of March, 1969, the sum of \$363, 173, 863 be granted out of the Consolidated Fund. Are you ready for the question?

MR. CAMPBELL: . . . when the motion. -- No not yet. I have something to say, Mr. Chairman.

MR. LYON: . . . agreed with my honourable friend. If he wants to debate an academic point that's his privilege.

MR. CAMPBELL: Of course it's my privilege. I thank my honourable friend for noticing. It's very generous of him I'm . . .

MR. LYON: Well we could have moved that the Committee would rise and get on with some business.

MR. CAMPBELL: Would you? Would you move it while somebody is on the floor - with the motion properly before us?

MR. CHAIRMAN: The Member for Lakeside proceed.

MR. CAMPBELL: Mr. Chairman, my honourable friend doesn't get the point of this, I can see that, because if he did he would pay some attention to it. But I'm sure my honourable friend the Provincial Treasurer does. That is that it would be such an idle exercise for us to be going through the estimates deciding on whether these various items in the estimates should be passed or not and in the meantime we've passed the total of them here and granted them to Her Majesty. Now in the argument that the Honourable the Member for Wolseley and I had last year, the honourable gentleman said that this had been done this way before. It had not been done this way before. It wasn't done this way last year, for the simple reason that I protested at that time and I certainly would protest again. However my honourable friend thinks it's not a point worth discussing. I think it is a point very much worth discussing and I put it before the Committee in those terms.

MR. CHAIRMAN: Committee rise. Call in the Speaker.

Mr. Speaker, the Committee of Supply has considered certain resolutions and directed me to report progress and ask leave to sit again.

IN SESSION

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

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

MR. LYON: Mr. Speaker, perhaps you could call second reading on Bill No. 40. My honourable friend from Ethelbert Plains might wish to make his contribution.

MR. SPEAKER: Adjourned debates. Second reading Bill No. 40. The Honourable Member for Ethelbert Plains.

MR. MICHAEL KAWCHUK (Ethelbert Plains): Mr. Speaker, the other day when I adjourned the debate on Bill No. 40, the Act to amend The Dairy Act, it was because I wanted to get in touch with the milk producers and the dairy farmers of this province to get their reaction to the proposed changes. At the outset I must say that I agree with the Minister of Agriculture that certain changes are new and necessary to keep in tune with the changes in time.

However, I do have a few reservations. One of them is with the regulation allowing edible oil to be permissible on dairy plant premises; and secondly I think when we are talking about imitation dairy products, allowing them on the market, I know we can't do much about them, they're here to stay, consumers have accepted them; however, as the Minister of Agriculture has pointed out it would be desirable to have the legislation with respect to these imitation products uniform across the country here. It mentions some of this proposed

(MR. KAWCHUK cont'd.) legislation is the same as they have in the Province of Ontario and south of the line. However, I think it would probably be better if we had uniform legislation throughout the country of Canada. And also in view of the fact that the Deputy Ministers of Agriculture are meeting later on in this month in Ottawa to discuss The Dairy Act I think perhaps it would be prudent to defer second reading of this Bill until such a time as this gathering has taken place at Ottawa. It is in view of that that I will be proposing an amendment, moved by myself. Mr. Speaker, I beg to move, seconded by the Honourable Member for Brokenhead, that Bill No. 40, An Act to amend The Dairy Act, be not read a second time until the national conference of the provincial agriculture ministers can convene and report.

MR. SPEAKER presented the motion.

MR. ENNS: Mr. Speaker, in view of this amendment and the fact that it opens up the debate on the question and I'm assuming that I can have the privilege of speaking and not closing the debate at a later point. I should mention that I'm of course aware of the petition that's been circulated by the Winnipeg District Milk Producers' Association to I believe all members of the House. I'm somewhat surprised at this action to the extent that the members of this association were brought into the office to discuss the principles of the bill that's before the House. The understanding that I had from the discussions that took place led me to believe that the bill was agreed to in principle by these members of the producers and I of course hold to the view that it still is. I believe within the petition or the brief that was presented by the producers that they are perhaps anticipating problems that aren't in fact before us. The very main points that the brief presents, that is the desire to have uniform legislation in this regard across the country, is one of the principle reasons for the department presenting the bill at this time.

I am very much aware of the meeting that's going to be taking place on April 22 to 24 in Ottawa with all the Deputy Ministers of Agriculture along with the National Dairy Farmers' Association and the Federal authorities. My understanding of this meeting is that there will be a very real attempt made, Mr. Speaker, on this occasion, that the provincial governments will be requested by the federal authorities to enact similar legislation, the type that is before the House at this time. I would have to point out to the House that failure to proceed with this bill at this time would make it impossible for us to act in accord or in uniformity with the rest of the country if in fact, you know, the meeting in Ottawa is generally subscribed to by the other provincial governments as we have indication that it will be. I think the one area of particular concern that the milk producers have is that aspect dealing with the naming of products to be prohibited by sale. It would be the intention of the department immediately upon the passing of this Bill, to specifically list the products - in conjunction with the dairy producers and in the interest of the dairy producers to name those products that will in fact at this particular point not be available for sale or manufacture in the province. This list also has been gone through by the dairy producers and were basically agreed to.

I think these matters can be dealt into with greater detail and greater length at the committee stage, the reading of this bill. I have in private consultations with members of the Winnipeg Dairy Producers' Association, agreed to seeing that this Bill not proceed within any unnecessary . . . , that we have the benefits of the conference such as my honourable friend from Ethelbert Plains mentioned. This conference is an important conference with respect to the matters that we're dealing with on this bill. I think we should have the benefit of the reports and the outcome of that conference available to us at the committee stage so that we can deal with it at that time. There's no suggestion on my part that we should in any undue haste move this Bill along. I would have to indicate, Mr. Speaker, though that we feel very firmly that this bill is a desirable one and a necessary one to assure that our dairy legislation here in Manitoba is one that will be in accord with the feelings and the trends of both producers and the dairy industry throughout this country and it would be our intention to move in that direction.

Now as I said, I think that I would want to have myself, the benefits of the representations of the producer groups who will be returning from that conference as well as my own staff that will be returning from that conference to advise us as to the progress that is being made in this regard at Ottawa. But I would have to point out that this legislation puts us into some uniformity now with what is taking place in Ontario. I think it is unrealistic and unfair to our producers and industry alike to have products that can be manufactured in Ontario and sold on our shelves in our stores and yet not have that privilege or not have that possibility

(MR. ENNS cont'd.) available to our dairy industry here in Manitoba, or that our producers not be able to participate in this particular market. I think what we're trying to arrive at is to prevent this kind of a situation from developing that has developed in this very rapidly changing area.

With those few remarks Mr. Speaker, I would only want to indicate to the honourable member for Ethelbert Plains that I would have to resist or reject the amendment because it is our intention to proceed with this legislation, Mr. Speaker.

MR. USKIW: Mr. Speaker, if I may, we have on this side of the House . . .

MR. MOLGAT: Is the Honourable Member going to speak?

MR. USKIW: Yes, I am.

MR. MOLGAT: I would like to address a question to the Minister. In what way would passing the Act now improve our position in the discussions to be held in Ottawa on the 22nd to the 24th. Would we not be better off to leave the Act in its present state and then discuss this at the Ottawa meeting. If there are amendments needed in our Act, then proceed. What advantage does the Minister see in passing the Act now?

MR. PAULLEY: Mr. Speaker, possibly I could direct a question to the Minister, and he could answer the two at the same time. I understand from your remarks that you were in favour of the proposition of my honourable colleague but intended to vote against the proposition. Is this a fair statement?

MR. ENNS: Mr. Speaker, I was suggesting that I had no intention of hurrying along this Bill in any unnecessary speed, that I was aware of this meeting that your honourable colleague, the Member for Ethelbert Plains referred to and I think that we should have the benefits of the deliberations of that meeting available to us at that time. Now, I may not be putting it in the correct way, Mr. Speaker, in terms of the question that the Honourable Leader of the Opposition asked. There is this aspect to it: the area that we're moving towards is very much in accord with the existing provincial legislation in Ontario. It's in that area that we're particularly concerned with where we are in an unfavourable position with respect to our dairy industry at this particular time, as well as other sources. I'm referring specifically to this aspect of goods coming on our shelves and our inability to stop them.

MR. SPEAKER: Order, please. It is now 10:00 o'clock and probably the matter of the Minister's answer to the Honourable Leader of the Opposition and the Leader of the New Democratic Party may be left open for when it next appears on the order paper.

MR. LYON: I move, seconded by the Honourable Provincial Treasurer that the House do now adjourn.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried and the House adjourned until 10:00 o'clock Friday morning.