

2:30 o'clock, Wednesday, May 1, 1968

Opening Prayer by Mr. Speaker.

MR. SPEAKER: Presenting Petitions
 Reading and Receiving Petitions
 Presenting Reports by Standing and Special Committees
 Notices of Motion

Before we proceed I'd like to introduce the youngsters that are visiting with us today. There are 40 students of Grade 11 standing from the Neepawa Collegiate. These students are under the direction of Mr. Small. This school is located in the constituency of the Honourable Member for Gladstone.

We have 25 students of Grade 11 standing from the Steinbach Bible Institute. These students are under the direction of Mr. Kroeker. This group is located in the constituency of the Honourable Member for Carillon.

We also have with us today 28 Grade 8 standing students of Grant Park School. These students are under the direction of Mrs. North. This school is located in the constituency of the Honourable the Minister of Industry and Commerce. On behalf of all the honourable members of the Legislative Assembly, I welcome you all here today.

If I may take another moment of the honourable members time, I feel honoured and privileged in directing the honourable members to my gallery where we have with us today 15 Amalgamated senior citizens. These good people are under the direction of Mrs. Wainwright and on behalf of all the honourable members, I wish you, too, welcome today.

MR. SPEAKER: Introduction of Bills. The Honourable the Attorney-General.

HON. STERLING R. LYON Q.C. (Attorney-General)(Fort Garry) introduced Bill No. 109, the Statute Law Amendment and Statute Law Revision Act, 1968.

HON. THELMA FORBES (Minister of Urban Development and Municipal Affairs)(Cypress) introduced Bill No. 104, an Act to amend The Municipal Act (2).

MR. MICHAEL KAWCHUK (Ethelbert Plains) introduced Bill No. 103, an Act to amend an Act to incorporate The Village of Winnipegosis.

MR. SAUL M. CHERNIACK Q.C. (St. John's) introduced Bill No. 107, an Act to amend The Municipal Act (3).

MR. SPEAKER: Orders of the Day. The Honourable Member for St. George.

MR. ELMAN GUTTORMSON (St. George): I have a question I'd like to direct to the front bench and I'm not sure what Minister I should direct it to. I'd just like to ask him is there any policy whereby the government will provide grants for a municipal golf course?

HON. GURNEY EVANS (Provincial Treasurer)(Fort Rouge): Not that I'm aware of.

MR. SPEAKER: The Honourable Minister of Industry and Commerce.

HON. SIDNEY SPIVAK Q.C. (Minister of Industry and Commerce)(River Heights): Mr. Speaker, before the Orders of the day and with leave of the House, I'd like to make an announcement of a new industry that will be coming into Manitoba. This is a new \$2 million plant, it's to be located in Selkirk, Manitoba, to produce and finish knit fabrics for the apparel industry. I'm making this announcement jointly with the Mayor of Selkirk, Mayor A. C. Montgomery and with the President of the company called Electro Knit Fabrics (Canada) Limited of Montreal, Mr. Lupu who is president.

Mr. Speaker, this will be the first textile mill of its kind in Western Canada and I may say it has been established as a direct result of the local businessmen's participation at a business summit conference held in January in Winnipeg. --(Hear, Hear) - This businessman suggested to the principals of the company who were considering an expansion program Manitoba provided all the ingredients for a successful operation.

The new plant will not produce finished garments but will specialize in the manufacture of fabrics which are used by every segment of the garment industry and rather than compete with Manitoba's existing garment industry would compliment it by supplying all the required varieties in colours of knit goods. The new plant will initially employ 100 persons - 70 of them male. It will be completely integrated in that it will knit the basic fabrics and also dye and finish them. The new plant will be located on a 9 acre cite on fully serviced land in the Town of Selkirk's new industrial park.

As a result of this plant being constructed, manufacturers for the first time - our apparel

(MR. SPIVAK cont'd.)... manufacturers - will be in a position to have direct daily contact with a mill. This will give them the opportunity of developing lines of garments using the latest in fabric styles and will cut the lead time between the development of such lines and the time they reach the market. One of the main difficulties that our industry has experienced over the years is the fact that they were not in a variable position to rapidly develop such lines and in many instances the eastern competitors would be in the market ahead of our western manufacturers.

I may say, Mr. Speaker, the knit fabric field is a growth industry and in this industry we will find that they are going to be using machines which are very versatile and able to produce a rapidly wide range of fabrics. The mill which will be built at Selkirk will have the various latest modern equipment and they will therefore supply the garment industry with the most up-to-date fabrics on the market.

The mill will offer training programs for young personnel in design, knitting arts and dyeing and finishing. The province I suggest can look forward to an expansion of the primary textile industry and all the allied field and by using a nucleus of trained personnel we can expect other manufacturers to take advantage of the opportunity to manufacture in our province.

While I'm on my feet, Mr. Speaker, I would like to lay on the table of the House, Order for Return No. 7, dated March 14th from the Honourable Leader of the New Democratic Party; Order No. 17 dated March 18th on the motion of the Honourable Member from Portage and Return to an Order No. 1, dated March 11th on the motion of the Honourable Member from Elmwood.

MR. T. P. HILLHOUSE Q. C. (Selkirk): Mr. Speaker, with leave of the House I would like to congratulate whoever was responsible for bringing that new industry into Selkirk. To me it is a sign that at least we have started the decentralization of industry in Manitoba and I know that the people of Selkirk, the Town of Selkirk and district, will be greatly appreciative of the employment that this mill will offer to them. To me, it seems that history is repeating itself in bringing a woolen mill to Selkirk to replace the woolen mill which was previously operated and owned by the Fairfield family. It was a mill which gave a great deal of employment to a lot of people in the district of Lockport and was a Godsend to them during the years of depression and during the early part of the war. And on behalf of the whole constituency of Selkirk, I extend my thanks and appreciation to whoever was responsible for bringing this mill to Selkirk.

MR. SPEAKER: Order of the Day. The Honourable Member for Burrows.

MR. HANUSCHAK: Mr. Speaker, I wish to direct my question to the Honourable the Attorney-General. Has his department now completed the investigation into the alleged violations of the Municipal Act in the Town of Carberry by one of its officers?

MR. LYON: Mr. Speaker, I've had no report from the law officers. When I do receive such a report, it will be given to the Minister of Municipal Affairs.

MR. EARL DAWSON (Hamiota): Mr. Speaker, I wanted to direct my question to the Minister of Industry and Commerce. First of all, I want to compliment him on the insert that appeared in the Winnipeg Free Press and my question was, did the government provide the information for the inserts? Did your department or the government provide all the information for the inserts? Or any of the information for the inserts?

MR. SPIVAK: Mr. Speaker, the supplement was published by the Winnipeg Free Press and the staff of the Winnipeg Free Press put it together. I'm aware that there was certain information requested from the Department of Public Information and that information was given. But the editorializing and the writing of the columns were completed by the staff of the Winnipeg Free Press.

MR. DAWSON: A supplementary question. My supplementary question is this: Why was there not any mention of the Churchill Forest Products up north, which is supposed to be a \$100 million project?

MR. SPIVAK: Mr. Speaker, I would suggest that the Honourable Member from Hamiota ask the Honourable Member from St. George.

MR. SPEAKER: The Honourable Member from St. John's. Order, please.

MR. CHERNIACK: I have several questions to ask, if I may, Mr. Speaker. One is of the House Leader. I know that this seat beside me represented by the Member for Swan River is part of the government bench. Is the seat represented by the Member for Rhineland now considered part of the Conservative bench in view of the ... --(Interjection)-- Well then it may well be that we can compliment the Conservatives for acquiring a new member.

(MR. CHERNIACK cont'd.)...

Mr. Speaker, may I direct a question to - I suppose it's the House Leader - as to whether or not arrangements have yet been made for the calling of a meeting of the committee on statutory regulations, and if not, just when same is likely to be held?

MR. LYON: This matter is under consideration at the present time, Mr. Speaker.

MR. CHERNIACK: May I ask a question, Mr. Speaker, of the - whatever Minister is involved; I think it's the Attorney-General - as to whether or not he intends to proceed with the recommendation of the statutory regulations committee which was approved by this House, to introduce legislation on the question of legal aid.

MR. LYON: The answer, Mr. Speaker, is - yes.

MR. CHERNIACK: Mr. Speaker, may I direct a question - I think this may be to the Attorney-General or the Honourable the Provincial Secretary - whether legislation is being prepared and will be presented this session, dealing with compensation for aid to persons injured while assisting police officers?

MR. LYON: The answer, Mr. Speaker, is - yes.

MR. SPEAKER: The Honourable Member for Hamiota.

MR. DAWSON: Mr. Speaker, a supplementary question to the other that I had asked. Was the information supplied to the Winnipeg Free Press about Churchill Forest Products?

MR. SPIVAK: Mr. Speaker, I do not know but I'll take that question as notice.

MR. HANUSCHAK: Mr. Speaker, I wish to direct my question to the Honourable Minister of Mines and Natural Resources. It was reported over the air today that the risk of forest fires is running very high this year. Is his department taking any preventative measure to quickly or as rapidly as possible extinguish such forest fires as may occur, or to minimize the risk of forest fires occurring?

HON. DONALD W. CRAIK (Minister of Mines and Natural Resources)(St. Vital): Mr. Speaker, the Department of Mines and Natural Resources has all equipment and all people on the alert. The honourable member is correct in the statement that the forest fire hazard is very great right now, particularly in the east and in the south. We also have working arrangements with Ontario and Minnesota in this area in the case of detecting the fires and combatting them.

MR. SPEAKER: Go ahead.

MR. HANUSCHAK: A supplementary question, Mr. Speaker. In the light of what the Minister has just said, have any arrangements been made for stand-by personnel in time of need or equipment to deal with this situation - for any extra equipment that one may require in addition to what is normally necessary?

MR. CRAIK: Yes, Mr. Speaker, to the extent that we have on stand-by four extra flying craft, two water bombers and two helicopters that are prepared to go into action. These are hired on a contract basis as required. I should also point out at this time that it may be of interest to make the necessary information available to the public that the Information Service will be providing to the news media a report each day at a specified time indicating the fires and the areas in which the fires are located and the severity of them and probably the travel restrictions that may exist in any particular area.

MR. SPEAKER: The Honourable Member for Hamiota.

MR. DAWSON: Mr. Speaker, I'd like to direct my question to the Provincial Treasurer. When may I expect the Order for Return that I put in on March 11th regarding the penalties on sales tax?

MR. EVANS: Mr. Speaker, I'll inquire - I'm at a loss to identify the order my honourable friend speaks about but I'll inquire.

MR. SPEAKER: The Honourable Member for Gladstone.

MR. NELSON-SHOEMAKER (Gladstone): Mr. Speaker, before the Orders of the Day are proceeded with I would like to direct a question to the Honourable the Minister of Public Works - or the House Leader. Is there any truth at all in the rumour that the Great West Life Company has offered to sell their head office building to the Province of Manitoba? Or is it presently under negotiation?

MR. McLEAN: Mr. Speaker - no.

MR. SPEAKER: Orders of the Day. The Honourable the Leader of the Opposition.

MR. GILDAS MOLGAT (Leader of the Opposition)(Ste. Rose): Mr. Speaker, I'd like to direct a question to the Minister of Municipal Affairs. The Murray Jones Report which was

(MR. MOLGAT cont'd.)... given to us some time ago is labelled as being Phase 1 of the study in the introductory page. On page 59 - or starting on 57, there's a listing of Phase 2, the housing study; then Phases 3 to 7 on page 59. Could the Minister indicate when Phase 2 is to begin or has it already started and what is the timing of the subsequent phases?

MRS. FORBES: Mr. Speaker, it is our thought that the report as it stands is information to both levels of government. We think that both levels of government should at this time decide on their policy and for that reason we have asked the Federal Government to meet with us at the earliest possible date to decide on what our policy will be for action in the Churchill area.

MR. MOLGAT: Mr. Speaker, has Phase 2 begun yet?

MRS. FORBES: No, Mr. Speaker.

MR. MOLGAT: Has any date been established for the beginning of the Phase 2 study?

MRS. FORBES: No, Mr. Speaker.

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

MR. EVANS: Mr. Speaker, I beg to move, seconded by the Honourable the Attorney-General, 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: Before I put the question, I would like to take this opportunity to remind the honourable gentlemen that I'm looking forward to meeting them at quarter to six in my quarters.

MR. HARRY P. SHEWMAN (Morris): On a point of privilege. I hope that you are inviting the ladies as well.

MR. SPEAKER: Did I overlook them? I'm sorry. I'll make it up to them.

MR. LYON: Just to retrieve you, Sir, on a point of order. Under the Interpretation Act, gentlemen means ladies, as well.

MR. SPEAKER: I appreciate the assistance of the Honourable Leader of the House.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried and the House resolved itself into a Committee of Supply with the Honourable Member for Arthur in the Chair.

COMMITTEE OF SUPPLY

MR. CHAIRMAN: Department of Provincial Treasurer. Resolution No. 100 (a) passed...

MR. EVANS: Mr. Chairman, before we proceed I'd like to answer one or two questions I was not able to complete last night. I would like to refer my honourable friend from St. John's to the Mining Royalty and Tax Act of the second session of 1964, section 7 chapter 10 as revised by chapter 52 of the statutes of 1965 section 6. He asks for the reference to the statute under which the Mining Royalty Tax Act is established.

My honourable friend from Rhineland asked me for details concerning the amounts that show in the Revenue Estimates under the heading of Department of Urban Development and Municipal Affairs, totalling \$1,108,967.00. The detail is as follows: Local Government Districts salaries \$125,281; local government districts other expenditures \$64,900; municipal assessments salaries \$548,006; municipal assessments other expenditures \$96,000; municipal assessments mileage and travelling expenses \$126,500; municipal assessments purchase of automobiles \$11,500; municipal services and research salaries \$12,256; municipal services and research other expenditures \$71,524; municipal planning services other expenditures \$53,000 and under miscellaneous for services - municipal board salaries \$1,000, miscellaneous \$700.00. These are recoveries for services rendered and I give that information in reply to a question by my honourable friend from Rhineland.

I think as we come to other sections, Mr. Chairman, I'll provide information concerning questions which have been asked by other members but not yet answered.

MR. JACOB M. FROESE (Rhineland): Mr. Chairman, before we proceed with the itemized details I wonder if the Minister could give us the amount of Royalty, the rates that are being charged against International Nickel for nickel and also for other minerals. May we have that information?

I haven't that information with me, Mr. Chairman. I can get it, although it is under a statute administered by my honourable friend, my colleague the Minister of Mines and Natural Resources. I'm sure that I can get the information and I'll try to provide it for my honourable friend.

MR. CHAIRMAN: (a) — passed.

MR. MOLGAT: Mr. Chairman, before we leave (a) I have some further questions I wanted to ask of the Minister. I had hoped that we would have a copy of Hansard for last night because I wanted to check some of his comments at that time on the efficiency study into the departmental workings. If I remember correctly he told us last night that it had cost something in the order of three quarters of a million dollars — (Interjection)— in two years, and amongst the recommendations that they had made which he listed to us, Mr. Chairman, were the fact that the government was collecting its money as quickly as it could collect it and that the government was also making sure that all the money it had was invested. Well, Mr. Chairman, if these are the type of recommendations we get out of a two-year, three quarter million dollar study, then I have some reservations about the study, because if I know of any elementary lesson in business -- and I don't know of any businessman who doesn't follow exactly that practice -- and that is to make sure that he leaves no money idle, that he uses his capital to the extreme and he makes sure that he collects his bills just as quickly as he can, and for the Minister to outline that to us as some of the startling developments from his study, I think is the greatest indictment he could make of the previous provincial treasurer, who unfortunately is not with us this afternoon, who was here last night, and of his own period in that office, because surely this is where the elements of business begin, that any money that you have you make work to the maximum capacity. And I'm sure, Mr. Chairman, the facts are that the Province of Manitoba has been doing that for years, that they have in fact been collecting the money just as rapidly as they can and I trust following normal business practices.

I want to return though, Mr. Chairman, to the specifics about the money that we get from Ottawa. In my discussion on the Throne Speech I pointed out the number of instances in the address given by my honourable friend where he blamed Ottawa for Manitoba's ills and many pages in the budget are concerned particularly with that. A number of statements are made, for example: "Greater relief for local property taxpayers depends very largely on the Province's success in achieving sound and reasonable fiscal accommodation with the Government of Canada." Other statements like: "A special significance for municipal authorities in the difficulties being faced by the provinces in their continuing efforts to secure more adequate and equitable budgetary and fiscal treatment from Ottawa." "The need then", further on -- and I'm picking these from paragraphs, they are not continuous statements: "The need is to achieve a far greater equity in the federal-provincial partnership in order that the provinces may indeed be able to reduce further the burden on property taxes."

Now in the light of all these statements, and in particular in the light of the statement of which a great deal was made by the Minister, the specific statement that a much greater proportion of provincial revenues is shared with the municipalities than the federal government shares with the provinces in relation to its fiscal capacity, then surely, Mr. Chairman, the Minister would not be making all of these sort of statements without knowing exactly what it is that he gets from Ottawa. I can't believe that it's difficult to establish what we have received in the past and on that basis, a pretty close forecast of what we are to receive in the future. Because how can the Minister make all these statements saying it's Ottawa's fault and then turn around and tell us that he can't tell us really what he is getting from Ottawa. The argument doesn't hold water. He must know what he is getting in fairly precise terms and if he doesn't then how can he say that he's not getting enough. There must be one statement or the other which just doesn't agree. And if the Minister would simply tell us in these tables that he has in the budget, exactly what is the portion from Ottawa, then the members on this side of the House and the people of Manitoba can make their decision as to whether or not they are getting a fair share from Ottawa; but if it remains in a nebulous state, then the statements by themselves don't stand up. So could the Minister tell us in exact dollars, what he estimates - on page 34 where he shows revenue estimates of Manitoba, fiscal 1967 - what is there in there that is money expected from Ottawa. Similarly, can he tell us on page 36, the same estimates for fiscal 1968, what amount does he expect from Ottawa?

MR. EVANS: Well I have noted the remarks from my honourable friend about the fact that apparently my department has been doing this collecting all the way along. It isn't so. I know about it, he doesn't and consequently I say he's wrong. Secondly, with respect to money from Ottawa, it became necessary to put our estimates before the House and consequently we have done so to the best of our ability. The fact that there may be some element of uncertainty remains, nevertheless we had to make our best estimates and we have done so. The particulars of all the money we get from Ottawa can be found on the revenue estimates which are before my

(MR. EVANS cont'd.)... honourable friend; if he'll look at them, he'll discover them there and I'm now going to turn up the pages of my Budget Address, although it's a different debate entirely, and discuss with him at any length he likes the revenue estimates of Manitoba, fiscal 1968, and asking what money we get from Ottawa.

Well by virtue of the fact that we have a tax collection agreement with Ottawa, all of the amounts of personal income tax and corporation income tax, come to us from Ottawa in that sense. They collect the whole of the tax, then they reduce their calculations by 24% under the tax collection agreement, a further 4% under the post-secondary education agreement - that's the total abatement as far as Ottawa is concerned, totalling 28%; and then we ask them to add on for us 33%. In other words, adding a further 5% beyond the Ottawa abatement. Similarly with the corporation tax. It's 9% of Ottawa's own tax, 1% with respect to post-secondary education and a further 1% for us. Now if that's the sense in which my honourable friend means that the money comes from Ottawa, then all he has to do is to add up those amounts in the revenue estimates reflecting both the tax receipts on the personal income tax and the corporation income tax under the tax collection agreement which appears at the top of the page and add to it the amounts further down under the post-secondary education arrangement and he'll have that total.

With respect to the succession duties, it's slightly different. This is a federal tax and they do in fact, award to us or pay to the province, three-quarters of the amount they collect. The amount in the revenue estimates is some \$4 millions odd and he can add that amount. Now if my honourable friend wants to refer further, to shared-costs programs, he will find a further sum of \$80-odd million under shared-costs programs. There is a further item under the equalization payments that are to come from Ottawa, calculated on a very complex formula, but resulting in a sum to be paid to Manitoba to supplement the other income tax payments that are made to us.

I would be more than willing to do what I can to help my honourable friend but I think he has asked a question which can't be answered in the form that he asked it.

MR. SHOEMAKER: Mr. Chairman, wouldn't it be a fairly simple matter to give us, and perhaps it's available somewhere along the line, the revenues that Manitoba receives from the various sources, that is, the taxes that Manitoba as a government levies. We know, according to the estimates that are before us, that the total current revenues for the year will be \$377,844,128.00. Well then if we could add up all of the revenues that the government receive from within the province, subtract that from the \$377 million, then the difference - the difference would represent what we get from Ottawa, would it not? It's just as simple as that.

MR. EVANS: Well it's not as simple as that. The fact remains that I make quite a point of the fact that all of this money is tax money paid by Manitoba taxpayers. All of it. Including such money as arrives in our treasury via the Ottawa treasury. All of that money and much more is raised from Manitoba taxpayers and we do in effect send something like a quarter of a billion dollars a year from Manitoba taxpayers to help run the Ottawa government. And so we should. We're Canadians, we should help to support the national government and we do so. So it's far from a simple matter.

I direct my honourable friend's attention to the estimates of revenue of which he has a copy and in which all the details of revenue are set out, not only the taxes which Manitoba applies in detail, every one of them, and the amounts in question, but the totals of any fees or other revenue that come through any of the departments and my honourable friend will have all the detail in front of him in that publication.

MR. SHOEMAKER: Last evening the Honourable Minister said upon introduction of his estimates, that this - what did he call it? - the administration overhaul and the See and Do program that had been implemented by the government in the last year or so, was capable of doing wonders. In fact, I think he cited a case where before he could count to five -- that this computer, he would throw a lot of figures at it and before you could say Jack Robinson it would come up with the answer. Well surely to goodness if we've got a computer with capabilities of this kind, you could throw a few of these figures at it and come up with the answer that the Honourable Leader of the Opposition has asked for. Is it not possible with this computer machine that has cost well over \$100,000 to use it to arrive at an answer for the question put by the Honourable Leader of our group. -(Interjection)-- Pardon me?

MR. EVANS: All the computer he needs is a pencil.

MR. SHOEMAKER: All you need is a pencil? Well, we've got pencils and paper over on

(MR. SHOEMAKER cont'd.)... this side of the House.

MR. EVANS: And the ability to use them.

MR. SHOEMAKER: I've got the ability to use a pencil and a piece of paper but I quite confess that I don't know how to operate this computer; but my honourable friend last night when he was informing the House about the wonders and miracles that it could perform, surely to goodness we could put it to work right now. As a matter of fact I thought last night when my honourable friend was elaborating on the effectiveness of this computer, that he said that you could even use it to inform the Treasury Branch as to which road would be the best one to use, or words to this effect. That is you would give it two alternatives and it would come up with the answers. You could give it a bunch of figures in respect to two different proposed roads, something of this kind, and it would tell you in a split second the difference in cost and so on.

But surely to goodness, Mr. Chairman, that people count now and again. I'm wondering for instance, when they decided to build the by-pass around Minnedosa, was the computer used to determine which route they should use to by-pass Minnedosa? Is this one of the purposes of the computer or do they listen at all to what the people in the immediate area and the people of Brandon had to say in respect to this by-pass? But I just want to say once again that if this computer is capable of doing the things that our honourable friend says that it is, why can't we use it to get the answer to the fairly simple question that has been put by the Leader of our group? I thought that I saw written somewhere, I don't know whether it was in the budget debate or not, that we were now receiving something like \$211 million of the \$377 million direct from Ottawa. Is this figure nearly correct? I think my Honourable Leader would be satisfied if my honourable friend the Provincial Treasurer would get up and say, "Well, it's in the neighbourhood of \$200 million" or something like that. There must be a figure that is nearly correct that my honourable friend has for the House.

MR. EVANS: Mr. Chairman, I've already given that figure several times. The total of all payments from Ottawa, as I recall it, came to something like \$205 million including all shared-costs payments and including also payments with respect to half the hospital costs, out of a total of well over \$400 million that is raised by Ottawa in its income taxes in Manitoba.

MR. MOLGAT: Mr. Chairman, I have proceeded to make the calculations the Minister suggested, and I get a figure, taking all the Treasury items on Page 3, I suppose it is of the Revenue estimates - it's not numbered - plus the subsidy, plus the shared-cost receipts listed at the bottom under Government of Canada and the total that I get out of that is \$215,989,000; \$215,989,000.00. Now that admittedly does include the Succession Duties.

Now, my whole point, Mr. Chairman, was that in presentation of the budget, the Minister spent a good deal of time and much of the emphasis, in fact the greatest emphasis of his presentation, was that Ottawa was the responsible body. Now, if that is his position, then surely it's elementary that he should put in in a clear form in his budget exactly what it is that Ottawa does or does not give, because I don't think it's a reasonable proposition to ask the people of Manitoba to accept his statement that Ottawa is the culprit and then not put in his own budget statement a clear-cut simple table showing what Ottawa gives us. Now if we are to take the table on Page 34 and take the four items which presumably are mainly Ottawa items, Item No. 1, Income and Succession; Item No. 2, National Equalization; No. 3, Federal Post-Secondary Education Payment; and No. 4, Shared-Cost Receipts, for 1967, taking all of these figures, we have a total of 196 million from Ottawa.

Turning to the Table on Page 36, taking the same four specific items, we get a total of 218.9 million, which indicates an increase in the one year of \$22.3 million in Ottawa funds.

Now my request of the Minister, which I stated before, originally in the budget debate, subsequently at the time of his reply, is give us in the budget, if you're going to make a case that Ottawa's to blame, then tell the people of Manitoba exactly in a clear-cut table what Ottawa has been given, then an assessment can be made.

Now, if we are to take these figures, relating them back to the Minister's own statement, and I refer to Page 10 of his budget statement, he says there that "A much greater proportion of provincial revenues is shared with the municipalities than the federal government shares with the provinces in relation to its fiscal capacity. Well over half of the total provincial revenues may be said to go to the direct and indirect support of local government" -- and I'm quoting there from Page 10 of his budget speech. When we relate the figures, then on Page 34 and 36 -- if in fact we did receive from Ottawa 196.6 million in 1967, our budgetary estimates of expenditure were 354 million, we actually received 55 percent of the provincial

(MR. MOLGAT cont'd.)... revenue from Ottawa. Taking these same tables again for 1968, based on revenue of 218.9 from Ottawa, in that year we've received 58 percent of our estimated expenditures in Manitoba from Ottawa. Now this to me does not substantiate the statement made on Page 10 that the province is in fact giving a lot more to the municipalities than Ottawa is giving to us.

Now this doesn't mean that we shouldn't be getting more from Ottawa and I've said to the Minister that I'm prepared to make a case, provided we can show that the case is sound, but the trouble is that the Minister doesn't put his figures in a way that you can make a reasonable case. He says on Page 10 we're giving more to the municipalities than Ottawa gives us. He doesn't say exactly what Ottawa gives us, but when we search through and try and work it out, we get a percentage figure greater from Ottawa receipts.

MR. CHAIRMAN: (a) --passed.

MR. FROESE: Mr. Chairman, I have one or two things that I would like to expand on a little further. We were notified in the Throne Speech that debt management would be taken care of in a better way or improved and last night we heard from the Honourable the Treasurer various ways in which they were trying to effect this. They had redeemed a number of bonds and paid for these, as I took it; the funds on hand were utilized to a great extent and also to create earnings so that funds would not be idle. He mentioned the administrative overhaul in which he felt that savings would be made. I would like to ask him are there any further areas where the government is economizing or intends to economize and be more efficient and is there anything further to come under the item in the Throne Speech bringing forth the matter of economy and so on?

I would also like to know from the Minister whether he could point out to us the capital expenditures that will be brought in at this session for this coming year. And also could he give us a projection of what we can expect for the next year or years as to government costs, because we find that the estimates are increasing yearly, especially in the departments where we have the services such as Health, Welfare and Education, these are mounting annually. I think it would be appreciated if we did know just how much we can expect in future years because surely they must be making some projections because when they will be making arrangements with the Federal Government for the next fiscal arrangement, they will have to provide some projected statement as to what their requirements will be. I would like to hear from the Minister just what these projections are and what we can expect and where these moneys will be coming from.

I note that the Globe and Mail of May 1st, which is today, has an article here which reads: "Government Spending Rises Twice as Quickly as Economy". This is a very serious matter and I would like to read a few paragraphs of this very article to bring home some of the points. It states here, and I quote: "Spending by the three levels of government in Canada expanded in 1967 at double the rate of growth of the national economy. Total government expenditures increased by 13.1 percent to 21 billion, 169 million while the gross national product rose by 6.8 percent to 62 billion, 68 million."

Then a little further on it states: "Spending by the Federal, Provincial and Municipal Governments was equal to 34.1 percent of the Gross National Product in 1967, up from 32.2 percent in 1966. The proportion has increased from 26.1 percent a decade ago. In the last quarter of 1967, government spending was running at an annual rate of 35 percent of the GNP."

A little further on: "The unusually sharp increase in the share of the economy pre-empted by government in 1967 resulted from a continuing advance in public spending while economic growth was decelerating from a rate of 11.3 percent in 1966."

Then later there's two more paragraphs that I would like to read: "The one billion 176 million increase in transfer payment accounted for almost one-half of the two billion, 456 million rise in total government spending. Government expenditures on goods and services increased by one billion, 91 million, or 9.6 percent, to 12 billion, 377 million. Rising wage and salary costs in the government service were the main source of pressure. Payroll costs rose 10.5 percent at the federal, 20 percent at the provincial, and 12 percent at the municipal government levels."

From this article, the provincial level of payroll costs was twice as high, the increase was twice as high as that of the federal. Considering the article and the way things are going and the increases in government costs, government spending, I think we should have a statement from the Minister giving us some outline as to what we can expect within the next year

(MR. FROESE cont'd.)... or two.

I have one further question and that has to do with the Succession Duties that are listed in the estimates as expecting \$4.8 million or \$8 1/2 million, and whether any consideration has been given to follow Alberta in having these returned back to the estates of their beneficiaries, the portion that is being received by the Provincial Government. This I think is 75 percent in all cases and has any consideration been given? Because it seems to me that this is of importance and that we would like to retain some of the people of means in this province, that they shouldn't leave this province but remain here so that they will be the most likely ones to invest in the development of this province and in industry and so on. So this would certainly be one way of encouragement to do so and for them to remain here. I think this will do for the time being. I have one or two minor items to . . .

MR. EVANS: Mr. Chairman, yes, there will be very substantial further economies to come from the administrative overhaul. The items I mentioned were from my own department. I did not want to mention the savings that are under way in other departments, partly because I'm not as close to them as I am to my own and partly because they are the responsibility of another Minister. But certainly by the time another year rolls around, other Ministers as well as myself will be in a position to speak about those further savings.

I mentioned the five divisions into which the study or overhaul is divided. One, organization; another is paper work; another is inventory control and management of supplies; there were personnel policies and administration and there must be another one somewhere - that's only four out of the five. Each one of those studies is finding opportunities for further economies and they're being instituted. I can give you another small illustration from my own department: Partly as the result of this study it was drawn to our attention that our accumulation of documents in the Treasury was unnecessarily large and we have already passed through certain stages an amendment to The Treasury Act to enable me to dispose of certain documents which are now being held but which can be photographed for the record. That will dispose of 25,000 pounds of documents, 12 1/2 tons, occupying 1100 filing drawers in the Treasury. That relieves - I've forgotten how much floor space - it's a very considerable floor space and it's a small item, it is a small item, but they're discovering many of those small items throughout the service and the other savings will be large.

My honourable friend asked me to comment on the growth of government costs in Canada and he has raised a very important subject here and asked me whether I can project the eventual expenditures or project ahead the level of expenditures, presumably by the Provincial Government. I think I should recall to his mind the Tax Structure Committee. The Tax Structure Committee consists of the Ministers of Finance of Canada including the Federal Government and all of the provinces. Those are the Ministers concerned. They are assisted by something called the continuing committee which consists in each case of the senior financial advisor in each government -- in my case it's the Deputy Minister of the Treasury and people of equal rank and equal standing from the other governments. They are working fairly continuously on this question of forecasting the expenditures of all governments combined for some years into the future and also forecasting the rise in the present sources of taxation. And in the case of all of the provinces and their municipalities combined two years ago the report found that by 1971 the revenues available to provinces and municipalities would be short of the projected expenditures by \$2,500 million in the year 1971 - \$2,500 million. If you take Manitoba's share of that, it comes to something like \$120 million annual deficit in this province and its municipalities alone in one year. A staggering figure! It's a figure that two years ago started us on the path, which I'm glad to say culminated this year, and that is to be able to balance the budget without raising taxation in this province for at least one more year. That was quite an accomplishment and we were able to do it only because we took the warning of the tax structure committee some two years ago and began to give very serious consideration to it.

My honourable friend points out that payrolls and other expenditures of Provincial Government seem to be rising at a faster rate than those of the Federal Government; which is another way of putting our case to Ottawa for a better fiscal arrangement. For this reason, that the expenses of Provincial Governments for the kinds of things for which they are responsible are in fact rising more rapidly than the expenses which are faced by the Federal Government. It's a fact. My honourable friend called it to my attention from another source, he gives evidence of the fact that provincial expenditures are rising more rapidly than the federal expenditures. The Tax Structure Committee itself arrived at that conclusion because they thought that by the year 1971, even though the provinces and their municipalities would be in deficit by that

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(MR. EVANS cont'd.)... very large amount that I quoted - some \$2,500 million - they found on the same series of projections that the federal government in the year 1971 would be in somewhat of a surplus position. They would at least be able to meet their bills.

The calculations that they made, let's run over them very briefly, or the basis on which they were made, were as follows: They took existing programs only, programs of which the policy announcement had been made - no new programs, no allowance made for new things which people would think up in the meantime, but only existing programs. They expanded them by various statistical means to allow for increase in prices, increase in population, increases in other factors which would raise the cost but projected the total costs of these services into the future for five years. Then they took the existing sources of revenue to meet each of those costs, the sources of taxation mostly, and projected them into the future as best they were able. And it was the difference between the two of course, that accounted for the deficit on the part of the provinces and municipalities on the one side and they arrived at a balance position or somewhat of a surplus with respect to the federal position.

So it is as he says, a fact that provincial expenditures are rising a good deal more rapidly than federal ones, mostly because of the kinds of expenditures we are called on to meet. Such things as education, and health costs and many of the other services to people which are the responsibilities of the province and which cannot - the provinces and the municipalities together -- and which cannot be avoided. These are services which are required by our people in modern society and the costs of them are mounting and they are kinds of services that are put on the provinces as distinct from those that are put on the federal. So, that is a little further discussion of the point which is so often made by saying we must have the source of revenue to meet the constitutional responsibilities which are placed on the provinces.

I think my honourable friend has done well to call attention to this difficulty because it's very real; and he asked me where will the money come from? At this point, I'm not able to tell him. I'm certain that we must use every possible means to keep expenses down; I think that money can come eventually for social services and for government expenditures only from the wealth that's produced by the economy and consequently we have continued in our budget to provide money for the expansion and the encouragement of people who are expanding our economy here - only in the last few days have we heard of the development of the Fox Lake Mine which will give jobs to some 300 miners. There will be some revenue perhaps direct to the provincial government but there will be a very considerable additional revenue going to governments from the income taxes of all those people and from the corporation income tax as well as the various mining taxes that are levied. There will be further money made in that community and others by storekeepers and professional people and school teachers and others who earn their income by serving the people who work in the mine and taxes arising from that source will also go to the public treasury - both at Ottawa and here - and so on down the line.

We have a special announcement today of another \$2 million industry at Selkirk. There will be further employees there; if I recall, some 100 employees, some 70 of them to be men. There will be income taxes and taxes arise there and further business and profits for other businesses in the community. Consequently, that illustrates only the fact that we must increase the economic production coming from - certainly from the province and from the country as a whole, because it's only a certain share of the economic production that can be taken to provide services of the type for which provincial governments and federal governments are responsible.

My honourable friend drew attention to the succession duties and the measures that have been taken in Alberta. We've been following this situation very carefully. It was finally decided not to initiate any action this year, in view of the fact that the whole taxation system of the country is due to be overhauled. It's expected that - partly with the advice of the Carter Report and other advice that has been made available to Ottawa - the Minister of Finance for Canada has announced that starting - we're not sure at this stage when it will start because of the election - but certainly before Autumn there will be well under way some discussions with respect to the overhaul of the taxation system, certainly in federal taxes and that implies and of course necessitates correlation with the taxation systems of the provinces. So, there is a very complete review of the taxation systems in Canada to be made starting very shortly and we thought this was not the year to contemplate any action with regard to changing the succession duty arrangements, nor to try to counteract whatever advantage Alberta has obtained for a year or two by the arrangements which it has made.

Even if the situation stays the way it is now with respect to the taxes and how they are

(MR. EVANS cont'd.)... levied I think the inevitable result would be that one province after another would merely counteract the action that has been taken in Alberta and we would all be back to where we started. And I don't ... --(Interjection)-- yes, I doubt very much if there would be any permanent advantage to anybody, and at great trouble and expense somebody would have started it, had an advantage for a year or two and within another year or two after that the whole thing would be neutralized by everybody else doing the same thing. So we hope for a more constructive solution to the taxation situation than that. I merely give to my honourable friend the reasons. He asked me "Have we considered it?" We have. We came to the conclusion that this was not the time in which to try to offset the Alberta action.

MR. SIDNEY GREEN (Inkster): Mr. Chairman, may I just ask a brief question to the Honourable Minister with regard to the estate tax situation in Alberta. Wouldn't the logical extension after everybody relieved this taxation and someone wishing to get the advantages that is thereby lost is that they'd have to pay the rich people to come to the province by taxing everybody else to do so. Isn't that a logical extension of this type of program?

MR. EVANS: It wouldn't seem logical to me but it might to my honourable friend.

MR. MOLGAT: Mr. Chairman, I'd like to get some further information from the Minister. I gather in view of the fact that he did not make any further comment to my statement that on the basis of the figures that he had given us that in fact Ottawa is giving us a larger amount of our provincial budget than what we are giving the municipalities that he agrees that that is correct and that the statement that he makes on page 10 of the Budget is an incorrect statement.

MR. EVANS: I don't agree. The statement is correct.

MR. MOLGAT: Well, then would the Minister - if it's correct would he tell us then what the figure is and would he substantiate by figures his statement that well over half of the total provincial revenues may be said to go to the direct and indirect support of local government and would he give us comparable figures of what he gets from Ottawa. If he'll do that then we can verify if that statement's accurate or not. Would he do so?

MR. EVANS: Yes. The payments which were made on accounts which in former times were all municipal and which are in fact in relief of the municipal taxpayer can be listed as follows: In education for public schools and including libraries, in 1968 will amount to \$94,100,000; in health the grants to hospitals and public health will be \$5,300,000; in Welfare, social allowances to the aged, blind and disabled \$35,200,000; aid to roads, bridges, streets and other expenses of that kind \$14,300,000; other expenditures \$18,600,000 or a total of \$167 million, which incidentally has risen from a total of \$35 million ten years ago to \$167 million now or 4 3/4 times as much as was being given ten years ago. So that is the amount of money that is provided to relieve expenditures which were formerly borne by the property owner mostly in the municipalities and the increases in those payments that have been made in the recent years.

Now, I turn to the amounts of expenses which are borne by the province or the division of the tax revenues between Ottawa and the Province. We compare the \$167 million aid to local governments with \$117 million of tax receipts from Ottawa. We do not count all the shared-cost receipts because many of these items relate to broad provincial programs, including for example, the hospital plan, and in that comparison the direct payment by Ottawa of half of the hospitalization costs is not to be compared with the kind of item that I have been talking about, that is to say, items which formerly were borne by the municipal taxpayer, because they never were. There was no hospitalization scheme of that kind in the days when all of these costs were borne by municipalities, so I don't count those. And consequently, there is a difference in the total of the figures that my honourable friend talks about.

I have before me now the figures that he referred to a little while ago and I would like to return again to the point that this is all Manitoba money. It is not correct to say that the equalization payments we get from Ottawa are payments by taxpayers of other provinces which are directed here because we haven't got the means to pay our own bills or because we haven't got as big an average income as they have. This is not correct. We raise in this province the following taxation: \$407 million under personal income tax, corporation income tax and estate taxes - \$407 million. Then we get back in personal income tax, corporation income tax and estates taxes some \$77.3 million; add to that the equalization of some \$40 million; add to that shared-costs programs that we share with Ottawa \$85 million; add to that the Government of Canada subsidy of \$2 million which is paid to us, and it comes to \$204, or roughly half the money that is raised from our own taxpayers here. We get back a half of the total that is sent to

(MR. EVANS cont'd.)... Ottawa. Really, that's not the end of it because Manitoba taxpayers put up their full share in Canada of all the other taxes that are raised by Ottawa, such as the customs duties, excise duties, federal sales tax and other items. And if you take Manitoba as being 1/20 of Canada and take a twentieth of the total you'll find that we have some \$190 million as our share of these taxes which are provided out of Manitoba economic production at some point or another, or our fair share of them. Manitoba's about an average province in Canada and so I suppose we do provide about our average share of taxes.

But we must remember that the Ottawa government makes direct payments to a lot of Manitoba citizens - all sorts of allowances from baby bonuses to old age securities and various other payments to individuals -- and these amount in Manitoba to something like \$130 million. So even on that score Ottawa takes something in the order of \$60 million more out of this province than is paid back to the individual citizens that are paid direct by Ottawa. Now I don't say that we should regret this, but I think we should point out the fact that it's our own taxpayers who raise our own money here and even turning to the equalization payment, it can only be said that we have need in this province to retain a slightly larger share of our own taxes than is the case in Ontario, British Columbia and Alberta who are the ones who are ahead of us. I don't know whether there are any - or there is at least one province in Canada where money is in fact raised by other parts of Canada and sent in there on a net subsidy basis as it were. That is not the case in Manitoba. We provide something of the order of a quarter of a billion dollars a year towards the support and maintenance of the central government, and as we should.

MR. MOLGAT: Mr. Chairman, ...

MR. CHAIRMAN: Before we proceed, it seems to me that we have strayed well into the area that normally is covered by the debate on the budget speech. I don't wish to restrict any of the members of the committee, or do I wish to appear to be overly authoritative in the Chair, but I have the responsibility of trying to project the work of the committee in order that we might possibly get a look for a few minutes at some of the departments that are left. So with a little co-operation -- if the Honourable Member has a question?

MR. MOLGAT: Mr. Chairman, I want to thank the Minister for the figures. We have been trying for some time to get them and we finally have obtained some. The facts are that he now tells us that the amount for municipal assistance is \$167 million - he picks the figure that he wants - the total expenditures are \$377 million; making comparison, that's 44 percent. So 44 percent of the budget, according to him, and these are items which he says have been taken off the municipalities, so it's 44 percent. If you take the figures he also gives us, the facts are that in the budget he presents that we're getting something in the order of 55 percent or 58 percent, in between those two figures, from Ottawa in the coming fiscal year. So Ottawa is giving us substantially more than we are giving the municipalities. This is the only conclusion one can draw from those figures.

Mr. Chairman, I'd like to ask the Minister ...

MR. EVANS: ... my honourable friend would agree that Ottawa doesn't give the same proportion of its income to us as we give to the municipalities.

MR. MOLGAT: Well maybe not of its income but certainly ...

MR. EVANS: My comparison is as valid as yours.

MR. MOLGAT: ... of the budget, those are the figures. Now, in addition to these amounts, the Minister - could he verify the figure that we have received insofar as the Canada Pension Plan? Is it correct that in 1967 we received something in the order of \$38.8 million from the Canada Pension Plan and could he tell us for what purpose these moneys have been used.

MR. EVANS: The Canada Pension plan of course is made available to Manitoba to borrow. It's borrowed money and Manitoba debentures are issued for the purpose and eventually of course will have to be repaid; interest is paid on the money. This money has been loaned in fact to a variety of accounts. I haven't the total of exactly the amounts and the sources to which this money has been loaned by the Government of Manitoba. I can say at the present time that we are taking advantage of this money to reduce some of our other obligations, including to some extent, the savings bonds and some treasury bills. Now I haven't the exact destination of all the money that was borrowed in the last two years here.

MR. MOLGAT: Can the Minister indicate at what rate of interest this is borrowed from the Canada Pension Fund?

MR. EVANS: Not at the moment. If my honourable friend wishes, I'll get the information

(MR. EVANS cont'd) and let him know. It's a comparatively favourable rate but I'll let him know the rate of interest on which the Canada Pension Plan money is loaned to Manitoba; and if I can, the uses to which we have devoted it after it got here.

MR. MOLGAT: One further figure, Mr. Chairman, if I may on the budget comments, that's on page 38. If I could verify the figures there of the Manitoba Hospital Commission. The Minister at that time in his table indicates that the provincial share of the Hospital Commission funds in '67 was to be \$21.4 million and they estimated for '68 \$21 million. Could he indicate the reason for the decrease?

MR. EVANS: No, that was in the estimates of the Minister of Health and I just included the final total.

MR. CHAIRMAN: (Resolutions 100, 101 and 102 were passed.) Resolution 103, 4 (a) -- passed.

MR. SAUL MILLER (Seven Oaks): Mr. Chairman. On Resolution 103, in looking at the figures shown here and going back to 1967, I was wondering whether the Minister could explain this or whether my thinking is correct. In '67 the figure shown in this item was \$224,000, in the year ending '68 it jumped to \$939,000 and now we are over \$1 million. Would this represent the cost of administration for the sales tax? Is it realistic to say that the increase of three quarters of a million dollars was necessary in order to cover administration of the sales tax, The Revenue Tax Act? This is in addition to the commissions which are paid to the retailers? This is your accounting and your controls and so on and so forth.

MR. EVANS: . . . and travelling and the printing, stationery and the computer work.

MR. MILLER: And your inspectors and everything else?

MR. EVANS: Three quarters of a million dollars is approximately correct. It amounts to 1 1/2 percent of the \$50 million that's expected.

MR. MILLER: So that would be about three quarters of a million dollars.

MR. SHOEMAKER: I wonder if the Minister could inform the House as to the exact number of employees that are actually engaged in the revenue tax, that is collectors, inspectors, and the total number of employees required for the specific sales tax branch.

MR. EVANS: Revenue Tax Branch: Administrative Section 20; Audit Section 16; Compliance Section 15, for a total of 67 including the field and the head office.

MR. CHAIRMAN: Resolution 103 passed. Resolution 104, 5 (a) -- passed.

MR. EVANS: My honourable friend the Leader of the New Democratic Party asked me for the total cost of the computer. The total cost is \$1,367,797.94 to be fairly accurate -- \$1,367,797.94, if you'd like the cents.

MR. PAULLEY: We won't worry about that in that big figure.

MR. EVANS: That includes interest on the amount until it's paid off, of about \$184,000 over the 56-month period during which it's going to be paid for, in addition to which there is still some equipment on rental. I told my honourable friend that we had been renting it all and that we are now buying it all - I was slightly wrong; there will be a continuing annual rental of \$72,000 for some other equipment that is not being purchased, and there is a maintenance contract for the repair and servicing of the machine of \$24,000 a year.

MR. HANUSCHAK: Could the Honourable Minister explain the difference between the item as shown under Item 5, Computer Centre, and everything that it includes, and Computer Centre Service with which we have already dealt under Item 1. There's \$40,000 shown under 1 (f) Computer Centre Service, and then the additional amount under 5.

MR. EVANS: Under Section 1, the amount for computer service is the amount that is charged by the Computer Centre for services to the entire department of the Treasury. Now the computer does a very great many things, including, for example, the issuing of all the cheques in payment of government accounts, and I think we are approaching a million cheques a year now. Those cheques then - you know, the reconciling of the bank account at the end of the month, is also done by computer; the payrolls are all issued and prepared by computer and so on; and the \$40,000 under Section 1 is the amount that is charged for by the Computer Centre itself for the services performed for the Treasury Department. That \$40,000 will constitute a part of Item 5 (c) where my honourable friend will see "recoveries from other departments." That is, the Treasury's share of recoveries from other departments for the cost of running the Computer Centre. Eventually, the Computer Centre will be run like the Queen's Printer where all the expenses are charged out to the departments using the machine.

MR. CHAIRMAN: (a) -- passed. . .

MR. PAULLEY: Mr. Chairman, do I get the Minister right that the recoveries from the departments of roughly \$708,000 includes the \$40,000 that's listed under Appropriation 100?

MR. EVANS: Yes it does.

MR. PAULLEY: It's sort of a dual entry, give and take.

MR. CAMPBELL: Yes Mr. Chairman, I was going to ask the Minister if he is able to tell us the number of people to whom the Salaries item applies. I would gather that there is not an increase, because the rather small increase that we have in the amount would probably be accounted for by increased salaries rather than increased numbers of people. The reason that I'm interested is that I have been watching and waiting through the years for the use of this mechanical device - which I admit is beyond my powers of comprehension to understand - to cut down on the number of people that are employed, and to date I have been disappointed that, great as its job appears to be and wonderful as the computations that it can make, it still has not seemed to reduce the number of employees at all, and I would think, that based on the experience of this particular operation, that the folks who have been in labour circles and management circles as well, and industry in general, thinking that automation and cybernation were going to result in large ranks of unemployed, certainly could not prove their point by the operation of this Computer Centre that we have here. Now, is there any hope that in this one small area, that maybe sometime we are going to find that one person has been dispensed with, or is it going to continue to grow?

MR. EVANS: I doubt very much if we will be able to point to lists or numbers of people who have been turned away or dismissed; that's not likely to happen. But certainly it has restrained the growth in the service. For example, I would imagine that if we were not using the computer, it would take 150 to 200 bookkeepers to keep the sales tax records, but the computer has done that work instead. I think that the growth of the service in that one respect alone has been restrained by a very considerable number of people. There has been no absolute decrease, and I don't look forward to the day when there will be - a straight decrease by reason of the use of the computer. It is doing other things which are of value. Now let me see if I can answer my honourable friend's question about the numbers of people employed. I shall have to count them because I have a list of the positions here and I must watch out for the ones that are vacant because there are a number now - there are 50 positions filled and, as far as I can make out, there are six or seven vacant positions at the present time. There are 50 or 57 people shown on the list of people for the Computer Centre here.

I'm afraid it would weary the committee too long if I were to enumerate anything like the 80 programs which are now on the computer, and try to arrive at some appreciation of how many people would have had to be employed to carry out that work if we hadn't had the computer. I would say there would be quite a few hundred, but I have faced this question all the way through my business life, of going in with, in those days, punch card accounting, and people saying, "Well, how many people are you going to be able to dismiss from the staff?" and I never held out to them that that would happen but that they would have a more efficient running of their business; and fortunately for me, a good many of them saw the point my way and I was able to accomplish that end for them.

MR. MOLGAT: Mr. Chairman, before we leave the computer item, I said earlier I had hoped I'd had the remarks of the Minister from Hansard, but they are not yet in. One of the newspapers today has a headline, "Government overhaul saves taxpayers \$3 million." Now I don't think that that is really what the Minister said last night, is it? He was indicating that the change in the sinking fund practices simply meant that they didn't have to take out of one fund to put it in another, but the actual saving is not \$3 million, is it?

MR. EVANS: I think without that new arrangement we would have had to find from the taxpayer some additional \$3 million.

MR. MOLGAT: But, I mean \$3 million would have gone into sinking funds for the purpose of paying off the debt. It's simply a question of when the money comes out of the taxpayer's pocket. The facts are that in total, if it went into the sinking funds in that form, it simply meant a larger amount going to pay off the debt. The timing is the difference, not the total amount.

MR. EVANS: Well I'd have to think through that last remark of my honourable friend about the timing being the factor. I am not able to confirm or deny what he says at that point. I think the words I used were that it relieved that much weight from the taxpayer this year. I

(MR. EVANS cont'd) think those were somewhat the words I used. I think they were the correct ones, and that if that had not been possible this year it would have been necessary to find an extra \$3 million through taxation or another means, or denying another \$3 million worth of services.

MR. MOLGAT: But it means that there's three million less going for debt redemption this year basically. It's simply that we can keep up -- I presume what my honourable friend was saying is that he can keep up the statutory payments in the Sinking Fund without having to put in this additional three million, but to that extent the Sinking Fund isn't growing equally by three million; it's simply that we're not providing for that much debt redemption.

MR. EVANS: Well, I think all of what you say is correct. I'm not quite sure what point you're trying to make.

MR. FROESE: Isn't it because of the bond redemptions?

MR. EVANS: I'm sorry I didn't hear that.

MR. FROESE: Is it not because of the bond redemptions -- the parity bond redemptions?

MR. EVANS: I'd like to be able to discuss that point with my honourable friend. I'm sorry I don't understand the question.

MR. FROESE: Well, I thought I had mentioned it a little earlier on in the debate today, that the areas where the government had tried to bring in economies and also to effect savings if they could, and I took it yesterday from the Minister's statement, because of the bond redemptions, some of these had been paid from current revenue and therefore the interest was not applicable that would otherwise have been applicable had they not been redeemed. This is an area that I took -- the Minister, in my opinion, stated that here savings were effected, and I thought this had an effect on what the Honourable Leader of the Liberal Party is trying to make.

MR. EVANS: Well, I think -- Page 29 of the estimates of course is the Public Debt page and it shows the sources of revenue and other things, and showed that last year there had been an amount of 1.3 million provided for debt redemption, but no such amount is required this year. My honourable friend asked whether this has been provided out of current revenue. It has to the extent that the amounts required out of current revenue are less by three million than they would otherwise have been this year because of the change that is being made in The Reserve for Debt Retirement Act.

MR. MOLGAT: Mr. Chairman, my point only is this, that when you read the headline it sounds as if there has been an actual saving through different procedures, that we're simply not spending \$3 million. Really the fact is, isn't it, we are not putting into debt redemption \$3 million which we previously would have had to under the statutory conditions, so we're not reducing our debt as quickly. It's not a true saving. It means that this year we don't have to spend as much current revenue because we can meet the statutory conditions without so doing and this has been found out, but by the same token three million less is being put aside for debt redemption.

MR. EVANS: We're carrying out the same objective as before, to retire the dead weight debt in a little over 23 years and charging the taxpayer only enough to do it. It now takes less taxes to accomplish that purpose and we expect that that reduction will also prevail in years to come.

MR. MOLGAT: But if my honourable friend had continued the same practice the debt would have been reduced more quickly, that was all, because he would have been putting more money aside.

MR. EVANS: I think that's not necessarily true because it depends on -- you don't reduce a debt simply by putting aside a reserve to meet it. The debenture is outstanding for a fixed period and remains outstanding until that period is over, at which time it is redeemed. Then if at some time or another you wind up with a surplus in some sinking fund, everybody says well why did you overtax us in the meantime? So we're trying to avoid overtaxing people; that's the name of the game. We're on the side of the taxpayer on this side of the House.

MR. MOLGAT: But it is not a true saving, Mr. Chairman. It's simply that he's not putting that much money aside.

MR. EVANS: My honourable friend can fiddle with words all he likes.

MR. CHAIRMAN: (Section (c) of Resolution 104, and Resolutions 105 and 106 were passed.) Resolution 107...

MR. MILLER: Mr. Chairman, Resolution 107 deals with the Unconditional Grants, I believe, to the municipalities.

I was somewhat disappointed this year that there's been no increase in this item. There's a slight decrease which was explained by the Minister yesterday, but basically we're still only offering \$3.00 per capita to the municipalities. I think this is a figure that's been in existence for a number of years and I believe that the time really has come, and it is long overdue, when this whole practice of recognizing the needs of the municipalities has to be dealt with.

When this \$3.00 per capita first came into effect, I believe it was about 1957 or '56, the purpose really was to provide unconditional grants to municipalities. In other words, to make grants without any strings attached so the municipalities could undertake and could do some of the jobs which they're required to do and which the Legislature demands of them. Prior to that there was no means by which the municipality could enter into certain projects unless they were of a sharing kind, and I think the government of that day recognized finally that they had to make funds available to the municipalities who simply couldn't raise it from their low property tax rates and the fact that they just couldn't impose any further taxation to raise the kind of money they needed.

Now today the municipalities are facing a situation that I think really borders on desperation. We all know, and I'm not going to at this time go into the record of the last few weeks, the announcement of municipal rates throughout Metropolitan Winnipeg - and I daresay the same thing will happen throughout Manitoba - the very sharp increases, sometimes as high as 25 percent in the mill rate, and the municipalities find themselves again in a position where they are with their backs to the wall, where they cannot undertake, they cannot introduce needed measures because they simply cannot impose further mill rate taxation on their residents.

At the same time, this House is dealing with a resolution introduced by the Member for St. James who suggests that we should urge the municipalities and prod them to improve recreational facilities. Now how can they possibly do that if they haven't got the financial resources? How can they do that if this government keeps siphoning away, siphoning off some of the municipal funds, moneys which the municipalities have to pay towards Welfare, towards Health, towards Education - and that's becoming a greater and greater load - instead of easing it's coming back to where it was a couple of years ago.

I think this unconditional grant is perhaps a very fair way of distributing the moneys which the province collects and which the province collects because of its broader tax base, the various motor vehicle taxes, their licensing taxes, their user taxes generally. A great deal of this, as you know, comes from the Metropolitan Winnipeg area which probably pays the largest percentage of all motor vehicle taxation and diesel fuel tax and so on, and through the unconditional grants they're able to get back some of this money to be used in a manner in which the municipality feels it can put to best advantage.

Now the way things are today, the property taxes that probably exists in Manitoba - and I know throughout this Metropolitan area certainly - it's absolutely impossible for the municipalities to do the job, as I say, that they're required to do and which they're supposedly designed to do, or to undertake, but they can't do it because, as I say, they're completely strapped for funds, and unless we make money available to them through some means they're not going to be able to do anything in 1968 or even '69. Of course for this year it may be too late, their mill rates are struck. But I think the government has to look at the \$3.00 per capita and recognize that it was made available about 10 years ago. There may have been a slight increase since it was first initiated, I'm not sure, but in any case it would have been very little; it's basically about the same amount and certainly the \$3.00 that was paid then can't possibly cover the needs of today.

I think it's necessary and essential that the government not only think in terms of raising that per capita grant but to go one step further and to recognize that the purpose of the unconditional grant is to make moneys available where special needs exist, and I'm thinking of the larger centres - and not necessarily Winnipeg - but the larger centres of Brandon and other areas where special problems, because of the larger centres, do exist. Provision for housing, for example; for - as I say for welfare, which tend to be more severe in urban areas than they are in sparse areas. Provision of municipal services is another factor which applies more to larger built-up areas than they do to sparse areas. Transportation, for example, wherever it is required, public transportation of a transit system. These are inherent problems within major built-up areas. At the present time the brunt of that is carried through subsidy, again on

(MR. MILLER cont'd) the local taxpayer, and as I said earlier, the local taxpayer cannot absorb any longer the imposition of any further taxes on his property.

This is a vehicle, this method of an unconditional grant is a vehicle adopted in other jurisdictions as well whereby it's possible to feed back from the province, from its larger treasury to the municipalities, a certain amount of money so that they can have the elbow-room required. I think it was last year in Ontario the grant was increased, and it was not a slap-across-the-board grant at all, there was a grant increased I think by \$1.50 over and above their basic grant of \$3.00, but it varied, it varied on the type of urban area, because it recognized the needs of certain urban areas; it recognized that they have unique problems which are not common. I agree it would probably make no sense to simply make a blanket increase of an equal amount across-the-board because in some instances the amount of money required by some municipalities may be far in excess of what they would normally need. But surely the time, as I say, has come in Manitoba when we recognize that urban areas - and again I want to stress I'm not thinking in terms of Winnipeg - but there is Thompson, there is Brandon, there is Flin Flon, these urban areas have unique problems. They have problems that are associated with built-up areas, and a recognition of these problems should be given by this government to increase the unconditional grants by a substantial amount to these municipalities so that they'll have the elbow-room and they'll have the funds to make available and give the services which is required of them if they're going to fulfill their functions and to help the communities grow.

I referred a minute ago to recreational facilities. The Minister - I think it was Welfare said everybody agrees that we need more recreational facilities, and unquestionably it's like being for motherhood, everybody's for it, but unless the municipalities have the funds to institute programs and to start getting facilities there's no sense in prodding them, and they're not going to get the money if they have to just depend on the municipal taxpayer because people in low income groups - and by that I don't mean the \$1,000-a-year welfare recipient - I mean people on five and six thousand dollar incomes today have just had it. They cannot afford to pay any more on their municipal taxes. There must be relief and the most equitable way of giving relief is through an unconditional grant. Nothing is tied to a particular program and this government should be prepared to accept that principle certainly, because they're objecting to the principle of shared programs on the Medicare issue with Ottawa, so surely they wouldn't want to be tied to that sort of approach. They would want to recognize that the municipalities having a function to perform, being entities created by the government with that in mind and being charged with the responsibility, should be given the means whereby they can perform these functions.

I was wondering whether the government is giving any consideration to up-dating the present \$3.00 per capita to a more realistic figure, and recognizing the disparity and the requirements between different areas. If they don't want to pay it across-the-board, then pay it on the basis, as I say, of need and of requirements as between certain types of municipalities - or certain requirements of the municipalities as against those less populated areas. I'm not sure whether the Minister is giving this any consideration, but if he is, or if they're thinking about it, I think that we would like to hear it; and if not, why they haven't considered doing anything this year, because with the increase in the taxation that has been announced in the last few days, it's obvious that the municipalities are going to have to cut back and cut back drastically just to provide existing services, never mind expanding it to new areas or even enhancing present programs that are in existence today. They just can't do it any more, and I would urge the government to give this real consideration and ask the Minister to make a comment on it.

MR. EVANS: Mr. Chairman, I'm very glad to comment on the speech of my honourable friend, and I think the position in which the municipalities find themselves does call for the most serious consideration. I'm not sure that the solution to it is to be found in any change in the unconditional grant, because the amounts are small by comparison to their total requirements in the municipalities and it is not a very flexible instrument. I think my honourable friend suggested that it should be varied according to either the type or size or the needs of the particular municipality, whereupon he starts to impose conditions on the unconditional grants and it becomes a thing of entirely different character. I would say to him that I don't exclude by any means the reconsideration of the unconditional grants when we are able to reconsider, and that I've listened to his suggestions and I will certainly keep them in mind. But I doubt very much whether the solution to the municipalities' problems lies through the unconditional grant.

He drew attention to the fact that costs are going up and that if people are to pay for all

(MR. EVANS cont'd) the things that they're being asked to do they must have more revenue, that is to say if municipalities are to do certain things - he mentioned recreation and some other things - all desirable in themselves, more revenues must be made available. And I suppose that proposition is true. But we're in a time of very severe financial and economic stringency in government circles these days and I suppose it's an unpleasant fact of present-day conditions that everyone is called upon to see what can be done without under present circumstances.

And really the problem of the municipal taxpayer is the same as any other taxpayer and that is the total tax load. You cannot continue to provide public services if it pushes the tax load beyond a certain limit, and my honourable friend mentioned that as well, that the tax load on people of certain classes is heavier than he would like to see it or indeed that I would like to see it. So our object in Manitoba is going to try to maintain the total tax load on the Manitoba citizen at its present low point, because when you add together the municipal taxes in Manitoba with the provincial taxes and average them per capita, you come to a figure that is substantially lower than either of our neighbours on the east or the west. In fact, apart from Alberta with its oil revenues, it's the lowest in Western Canada. Only the maritimes are lower than we are and they have special circumstances down there which do not compare with our own.

But the figures, for my honourable friend's interest, starting on the west are: British Columbia's per capita taxation -- and I might pause here to mention that these include for Manitoba, these are 1967 data but they do include an estimated amount for the Manitoba sales tax. So the total weight of taxation per capita in British Columbia is \$365.82; Alberta - fortunate Alberta with their oil - \$235.25; Saskatchewan - \$323.43; Manitoba - \$310.87; Ontario - \$423.33; Quebec - \$389.15; and then you come into the Maritimes which is substantially lower, in the neighbourhood of \$200 to \$150 to \$147.00.

So I say to my honourable friend that we must keep the taxpayer foremost in mind; we must consider his total burdens; we must try to see that we leave as much as possible of his income with him to spend as he would like and not take it away from him and spend it for him. So I leave that principle with the committee.

MR. MILLER: Mr. Chairman, I thank the Minister for his remarks but I'd like to correct him on a few points. He says firstly that the -- he points up that Manitoba has a per capita tax between municipal and provincial tax, allowing for the five percent sales tax, of \$310.00 and that's well below B. C., Alberta, Saskatchewan, Ontario and Quebec. -- (Interjection) -- Pardon me, well below the average except for Alberta which he attributes to the oil and I don't doubt that that's perhaps the reason. But you must also recognize that those areas also have higher incomes than Manitoba and this simply reflects the higher incomes that exist in those areas against the lower income in Manitoba. So this figure doesn't mean anything really.

But what I object to most strongly is when the Minister makes a statement that Manitoba taxpayers are all the same. He equates one taxpayer with another. Mr. Chairman, the municipal taxpayer - you cannot equate him with the taxpayer who's paying income tax. A municipal taxpayer is one who, by virtue of the fact that he happens to own a home that may be valued at five or six or ten thousand dollars, is taxed by the municipality irrespective of what his income is for that year. He is in that house; he has purchased that house; he's committed to certain mortgage payments on it; and irrespective of what happens to his income last year, he's committed to pay that realty tax. He cannot, as in income tax, pay a tax based on his income. Even the sales tax, he can avoid some of it by holding back certain purchases that he may have wanted to make, for instance a new car, and he may hold back that year from buying a car because that year he maybe finds himself under financial strain.

But realty tax is the most regressive of all taxes because it doesn't reflect any ability-to-pay at all. It says arbitrarily that if you own a home, you are a man of wealth up to this amount of money. But in fact we know that this isn't the case. We know that people buy homes, but today by and large they are long-term renters; they have 20, 25 and 30 year mortgages. They're long-term renters for the mortgage companies, that's what they are. And to say that they own a home worth \$16,000 or \$10,000 is maybe legally correct but it doesn't mean they have this money or that they have the money with which to pay the taxes. The people in the lower income groups - and by lower incomes groups I'm talking about people in six, five, four and down per year - \$6,000 per year - are really up against it today because the municipal increases of the last few weeks are hurting them and hurting them seriously and there's no way out of it. There's no way that they can say, well this year I will not buy that car or this year I will not take that holiday or somehow they'll try to get away from it. They're living up to the maximum of their

(MR. MILLER cont'd) income now and this is an additional tax imposed.

When I'm suggesting the unconditional grants, I'm saying - and this is recognized by many authorities - that the province, because of its broader tax base, because it has many means to collect money on a more equitable basis than a municipality can, whether through a better arrangement with the Federal Government for more abatement of taxation for the higher surtax on income tax and corporation income tax as they do now, or to perhaps increase that amount. They have many ways of doing it. The municipalities can't. They're very rigid; they have only the property tax on which to apply a mill rate and the per capita grant, and the unconditional grant was conceived with the idea that it would make available these moneys collected on the provincial level to the municipalities. And to suggest that the unconditional grant is not the best method for achieving some sort of equity or easing the pressure and saying that's not the best way of doing it, it's either/or, Mr. Chairman - either we relieve the municipalities of the costs of services to the people such as health and welfare and education, or if we're not going to relieve them of that then you've got to give them the money from the broader, the bigger pot of the provincial government, to make it possible then to fulfill their obligations and to meet their obligations. You can't simply say you're going to have to pay towards these costs and at the same time say to them, "sorry, you cannot share in the provincial wealth and the assets that the province has." And the \$3.00, if it was valid in 1957, in the light of the increased costs to the municipalities it certainly can't be valid today.

Last year when the sales tax was imposed we argued that you should not impose a five percent sales tax on the purchases and the operations of the municipalities and school boards. Well that was ignored. You're now charging the five percent on this and the \$3.00 per capita remains the same. You have an urban transit problem in Brandon and in Winnipeg. You're collecting something like \$450,000 in diesel fuel tax alone from Winnipeg just on the five percent sales tax, and you're still saying \$3.00 per capita, that's all it's going to be.

Now, Mr. Chairman, there has to be equity and there is no equity if the province is going to accept this sort of thinking, and to say that all taxpayers are alike, municipal and provincial, is to somewhat distort the picture. The province has a number of ways it can collect taxes. It can collect taxes on a more equitable method. The municipalities are limited to a local realty tax which is most regressive, which has no relationship to ability-to-pay, and which is hurting thousands of people in the urban areas today who are - and I won't say on welfare, I won't even consider those - that are on fixed incomes and who are on incomes which a few years ago would have been adequate, but \$6,000 today simply isn't adequate any longer, not in city living. So that to just write it off and say, "Well this is not the way to do it," isn't enough. If that isn't the way to do it then this government has to come up with another way to do it. If they're not prepared to concede that an unconditional grant is one way of spreading that wealth around, let him come up with another one. But until they do and so long as we are dealing with an unconditional grant and while it is being paid, I suggest they be more realistic and pay the unconditional grant - or increase the unconditional grant. We're not imposing conditions when we recognize that some areas should be paid more than others; we're simply recognizing the special problems of larger centres, and as I mentioned, provision of housing, of welfare, of education, of certain services in urban areas that are unique to urban areas. This is being done in Ontario; it's recognized in other jurisdictions, and to simply say it would be unfair or it wouldn't work out, in the light of the experience in Ontario, it seems to me that we can't simply brush it off by saying it's not valid.

So I still think the government should give this consideration and the Provincial Treasurer should not ignore the fact that the answers given are really not answers to the problem.

MR. LEONARD A. BARKMAN (Carillon): I think it's a known fact that the percentage of taxes as far as municipalities have gone up by a much larger percentage than the Federal Government, or for that matter the provincial government. I would like to join this plea for an increased amount in unconditional grants, leave alone that Ontario has increased it, leave alone that some of the items that the Minister mentioned, Mr. Chairman, are certainly so, but there's much more on the other side. Take for example in the provincial setup today, where are the \$10,500 grants the municipalities used to receive? What about the B.C. owners' grant that amounts to many dollars that we're not receiving in Manitoba - or for that matter Alberta I believe is also receiving this amount.

I think the Minister is very much aware, Mr. Chairman, that this amount, even if it is only \$3.00, should be, as the Honourable Member for Seven Oaks said, certainly should be

(MR. BARKMAN cont'd) reviewed at least every ten years or so, and if this amount - it may be a very small amount, it seems that way when you mention it - but it does add up to a little bit of a breather, a little bit of room in a municipality that they don't have to just directly go back to the people for those extra few dollars. It means a lot more to the municipality possibly than the Minister is aware of. I wonder, Mr. Chairman, I wonder if the Minister could show or indicate why the amount has come down roughly by \$670,000 on this item?

MR. EVANS: Mr. Chairman, I did give a rather more extended explanation of that yesterday. The reason for it is that last year was the occasion on which a payment was made to cover the previous four or five years when the payment had not been sufficient by reason of the fact the population was larger than the -- now let me start again. The Dominion Bureau of Statistics estimates the population only every five years. At the end of the five-year period the intervening years are reviewed, and if more money is owed for those intervening years than has been paid, the deficiency is made up in the fifth year. Last year was such a year when a back payment was required, and that's why it's larger than this year.

MR. CHAIRMAN: The Honourable Member for Turtle Mountain.

MR. EDWARD I. DOW (Turtle Mountain): I would like to add my words to the plea of the unconditional grant raise. There's one item that has not been brought up at the present time that came into being since the establishment of the unconditional grant. It was raised a few years ago but it was almost offset by the department assessing the municipalities for the full cost of assessment. Up to this time the municipalities were paying 50 percent, so the assessment figures coming from the provincial government almost took the full amount of the raise from the \$2.00 item to the \$3.00 item in each municipality. No consideration has been given to this over the number of years, and while it has been said that we go to \$3.00, it is also being taken away from us so we're not getting as much now proportionately as we got a few years ago.

I can confirm the previous speaker's remarks, Mr. Chairman, that this unconditional grant is certainly one of the more beneficial grants that municipalities get to help them assist to make it a better place for people to live in in the various municipalities, and I would strongly urge the Minister to give full consideration to an increase in this grant to municipalities.

MR. CHAIRMAN: The Honourable Member for Burrows.

MR. HANUSCHAK: Mr. Chairman, in the light of comments made a moment ago by the Honourable Minister, and in view of the fact that the Treasury Department does have a research department which costs us over a third of a million dollars, could the Minister advise this committee whether research is continuing into the study of the Carter Commission Report with a view to urging the Federal Government to adopt it and thus make additional funds available to the Province of Manitoba to assist it to get out of the dilemma in which it now finds itself.

MR. EVANS: Well very considerable research is continuing into the Carter Report and other reports on taxation, but not with a view to urging the Federal Government to adopt it.

MR. HANUSCHAK: Could the Honourable Minister then advise this committee just what particular aspects of the Carter Commission Report it is studying if it's not with a view towards its implementation.

MR. EVANS: Well we have been studying the Carter Commission Report intensively for months. We believe it has made a very valuable contribution to the discussion of the taxation laws in Canada. We think it did not propose a system which would be favourable to the provinces and not to the Province of Manitoba, so we have said that it should not be adopted in total. That does not say that there weren't some valuable suggestions in it, there were. We're studying them, and as we engage with Ottawa and the other provinces in further study of the taxation system in Canada later on this year we will have with us a considerable body of research on the Carter Report and other reports as well, including the Smith Report of Ontario and many other reviews that have been made of the taxation system, and will use all of this research material in our further negotiations with Ottawa.

MR. CHAIRMAN: Resolution 107 -- passed. That completes the Department of the Provincial Treasury.

MR. CAMPBELL: Which one is next, Mr. Chairman?

MR. CHAIRMAN: It is Department VI - Health. Resolution 34 (a) (1) -- The Honourable Minister of Health.

HON. CHARLES H. WITNEY (Minister of Health)(Flin Flon): Mr. Chairman, dealing with the estimates of the Department of Health, I would like first of all to draw to the attention of the committee the fact that the health estimates have been changed in the estimate book quite

(MR. WITNEY cont'd) substantially this year, and we have endeavoured in this book to illustrate more clearly what the money is being spent for in the various departments of health, or the various sections of the department.

As an example of that, at the back of the book you will find Section 4 which deals with Rehabilitation Services. That used to previously be under General Administration and we had it all lumped up together. We now have it divided into the Administration and then into the specific Rehabilitation Services, such as the Physical Rehabilitation Program and the Vocational Rehabilitation Program. We have also consolidated the grants that are applicable to the various major sections, such as the Mental Health Services and the Public Health Services, and we have included under Public Health Services some of the areas that had been, prior to this year, had been under Administration; for instance, Emergency Health Services, and some of the administration costs of Health Services and such matters as Health Education, which has now been brought under Public Health Service rather than under the General Administration. I will do my level best to guide you through these estimates and try to prevent as much confusion as possible from the new presentation this year.

I would also like to report, Mr. Chairman, that I feel that during the past year the Department of Health has made progress. If we take a look in the area of Mental Health we find that in our Mental Hospitals that we have had an increase to our Mental Hospitals of more than 12 percent compared with 1967, and while that is a remarkable increase in service demand, it is an increase that represents the effects of early and more effective detection of needed treatment. But in line with that increase there has also been a discharge of patients, a discharge that has increased to the point where the increased admissions are now over-run by the number of discharges, and the total number of persons remaining in hospital is now 110 less than at a similar date last year. This continues a trend of decreasing in-hospital population in the Mental Hospitals in the face of the markedly increased service demand, and it's a trend that became apparent about eight years ago and has continued through that period of time.

In the School for Retarded at Portage la Prairie, during the past year we have been able to provide for a movement into and out of the school on an accelerated basis, and as a result we have been able to provide services to more persons who are able to benefit from training programs. We still have a waiting list for admission, but during this past year it's length has been reduced.

During the period of 1967 we also saw a very active Forensic Service, and in 1967 Forensic Services saw 217 persons on referral from the court, probation services, etc. and this level of activity represents a service that on a per capita basis is large compared to other areas in Canada.

One of the items that I am pleased to report to the committee is that the Mental Health Act which has now been in operation for a period of about two years is proving its effectiveness, and under the Act the number of voluntary admissions has steadily increased so that now about three-quarters of all admissions to our mental facilities are made without compulsion.

During this past year we have been able to provide for improvements at our mental facilities at Brandon. We have been able to provide for improvements at the School at Portage la Prairie; and we will be staffing and opening the two new cottages within the next month which will ease the pressure on the wards in the present facilities that we have at Portage. We have two cottages now for boys and these two cottages will be for girls, and on the basis of success that we have obtained from the cottage system for the boys, we are looking forward to additional success in the two cottages which will be opened in a month.

We have also been able to provide for improvement of our facilities at Selkirk. The new reception area for acute patients in an old building is very encouraging because we have shown that we can do something with the old buildings that we have, make them modern and make them much more amenable to people who are suffering from mental illness, and I trust that as I am the Minister of Health that this type of progress can be continued.

We have also had progress in the public health field. We have had the expansion of health units. Thompson, Snow Lake and Lynn Lake are now part of the Health Unit. The Rural Municipality of Cornwallis is now part of a Health Unit; the Stonewall Health Unit has been expanded; the Dauphin Health Unit has been expanded; and the Lab and X-Ray unit at Swan River has also been expanded during the past year. The Health Unit tried some new endeavours during 1967, one of them which was a multi-phasic screening procedure in Alonsa and Amaranth areas for numerous diseases such as cancer and diabetes. It was an effective experiment organized by

(MR. WITNEY cont'd) the Neepawa Health Unit and indicates a trend for health units for the future. It is now being considered by the department for providing for such services on a much wider basis.

In the field of prevention we have had our alarms and excursions in such matters as diphtheria, and we are encountering more diphtheria but are being able to cope with it. Basically, the problem arises because we are having more people who have not taken immunization because they have perhaps lived in remote areas who are now coming and running up against the general population of the Province of Manitoba and the disease is being encountered on more occasions than we have had in the past, but at each time we have been able to control the outbreak.

Perhaps one of the most significant things that happened in the field of prevention has been in measles, and while the Province of Manitoba took some time about the free distribution of measles vaccine, that time has proven beneficial. We have been able to add the vaccine onto the free list on April 7, 1967, and it brought about requests for supplies for 30,263 doses which was much more than we anticipated, and it is believed that the immunity from the vaccine that we have after one injection will be life-long. I was interested in the next comment that is in the Annual Report of the department, that this should result in a rapid reduction in the incidence of measles and possibly its eradication in Manitoba in five or six years.

Another area of the health report which I find of particular interest is the success that we are having from the Guthrie test. The Guthrie test was introduced in 1965 and now 95 percent of newborn infants have been tested by the Guthrie test, and the number of abnormalities in child development that the Guthrie test had shown is now being increased. And so all of the children that are born in the province, with the exception of about five percent - and I couldn't quite tell you where that five percent is - but at least the 95 percent, and this year there will be more, are now being tested by the Guthrie test and areas of abnormalities such as phenylketonuria are being prevented.

In the matter dealing with ambulances, and just touching briefly on some of the matters in the annual report because I don't wish to take too much of the members' time in making a statement on the estimates, we had another seminar for ambulance attendants' training, one that was just completed. A pilot seminar was held last year, and on the basis of its success we have been able to have another this year, which again was most successful. Pretty soon on the highways of the Province of Manitoba there will be an ambulance which the department has bought and which is going to be used as a demonstration unit to municipalities as to how they might supply themselves with an ambulance that will be practical and serve the needs of particularly the rural areas, but not only the rural areas of the Province of Manitoba but also the Metropolitan areas as well. The ambulance is here; we are just waiting to have it equipped, and when we have it equipped it will be available for demonstration to communities or to other municipalities that wish to see what can be done with it. It is an ambulance which fully equipped costs in the neighborhood of about \$5,000, or possibly \$6,000.00.

Dealing briefly with hospital facilities and services during 1967, six hospital construction and renovation projects were completed. Under way at the present time is the Brandon School of Nursing; an expansion of the Gladstone Hospital; the MacGregor Hospital; Rossburn; Thompson Hospital - expansion from 32 to 75 beds; the Whitemouth Hospital; the St. Boniface General, with renovation to the Nurses' Residence; and the Clinical Investigation Unit renovations at the Winnipeg General Hospital. In the Winnipeg General Hospital we have been able to bring about improvements in the Emergency Section with some more space and some more staff, and the final development of an emergency section in the Winnipeg General Hospital will follow with the development of the Clinical Investigation Unit.

Perhaps last year the members will remember that there was considerable debate about the supply of nurses, and I draw your attention to the Annual Report of the Manitoba Hospital Commission where it points out that in 1967 the Commission repeated its special \$30,000 bursary grant for registered nurses, and a special grant of \$60,000 towards development costs of the University School of Nursing was also paid by the Commission. The students enrolled at the University of Manitoba School of Nursing increased to 229 from 172 in 1966, and I find it interesting also to advise you that in 1967 the admissions to hospital schools of nursing numbered 504 compared to 482 in 1966; 207 nurses from other countries were registered in Manitoba compared to 37 in 1965, and this drive was on the basis of co-operation with the MARN and the Manitoba Hospital Association.

(MR. WITNEY cont'd)

The Commission has also undertaken, with the St. Boniface General Hospital for one, a series of refresher courses for nurses who have, because they were married and because they have had families, become inactive. It was organized by the Manitoba Association of Registered Nurses in various hospitals in the province and the program has been under way during this present year and is proving to be quite successful.

When we speak about the supply of nurses and considering the debates of last year, Manitoba's public general hospitals from the end of 1966 to mid-1967 increased their complement of registered nurses from 2,100 to 2,360 nurses equivalent full-time, and in mid-1967 Manitoba hospitals employed 987 equivalent full-time licensed practical nurses compared to 881 the previous year. The Grace Hospital School of Nursing moved into its new premises in St. James, and construction was under way for the new Nursing School and Residence at Brandon.

Some time ago, Mr. Chairman, I was asked to comment on financing of the Manitoba Hospital Commission and I advised that I would do so at the beginning of my estimates, and I intend to do so at this time. I have here a "Forecast of Costs and Financial Requirements for the Years 1968 through 1971" from the Manitoba Hospital Commission, which I would ask the Clerk of the House to arrange to have laid on the desks of the members and distributed to the people in the press gallery.

Mr. Chairman, I am sure that the members are quite aware of the heavily increasing hospital costs over the past number of years, and they have been aware of deficits in a number of these years in the operation of the Manitoba Hospital Services Plan because the premiums have been kept low and static. The premiums in force at the present time are the same as when the Manitoba Hospital Service Plan went into effect about ten years ago. At that time the premiums covered 40 percent of the total cost of operating the hospital plan and today the premium payments represent just 20 percent or half of what was the case at the inception of the plan.

In 1959, the first full year of operation, the Hospital Services Insurance program cost \$27 million or approximately \$30 per capita. In 1967, the total expenditure of the Manitoba Hospital Commission exceeded \$62 million or about \$65 per capita, more than double the cost incurred eight years earlier. Contributions from the Government of Canada have amounted to about 50 percent of the total cost. Certain costs, such as administration and the amortization of capital costs of hospitals, are not eligible for sharing. Provincial costs have been met sensibly from two sources, hospital premiums and appropriations from the Consolidated Fund of the Province. The premium income has remained at a relatively constant amount, approximately \$13 million per year.

During the early years the direct payments from the Consolidated Fund of the Province was established at \$3 million per year. In 1962 the assignment of certain income tax revenues raised this amount to \$10 million annually. By 1965 and 1966 this source of revenue could no longer cover the increases in the operating costs of the program and substantial deficits were incurred. To meet further cost increases in 1967 the Provincial Government contributed more than \$21 million in the fiscal year 1967-68 and a similar amount has been included in the 1968-69 estimates. These revenues will fall short of meeting the 1968 operating costs by some 2.5 million, and further to that, the Manitoba Hospital Commission in a report on the future of financial requirements of the Hospital Services Program, which is being distributed, reveals that under the present rate of premiums, of Federal contributions, and of the present provincial subsidy, the Commission will be short by \$36 million of meeting its costs between now and 1971.

There are reasons for this projected increase; one is the increase in salaries for hospital staff and the increase in the size of the staff. In 1960, salaries for a total staff of 7,385 people amounted to \$21.2 million. By 1967 this figure had doubled to \$42 million while the staff personnel increased to 10,000. Salaries represent 70 percent of the total hospital costs. Now with these increases I should also pay tribute to the dedication of hospital employees and to the tremendous advances that have been made in the care and treatment of people. We have experienced new levels of sophisticated technique that have brought a higher level of care to patients and a new hope for a fuller life. More nurses and technicians look after the same number of patients, reflecting the advances made in treating complicated conditions which require a vast array of new procedures and tests. And I must emphasize that if it had not also been for tremendous advances in the technology of hospital operation the effect of this intensifying care on the number of personnel required would have been even greater. It is to be hoped that in the

(MR. WITNEY cont'd) near future the need for an even higher density of personnel will level off and the effect of further improvement in technology will be to reduce, or at least contain the numbers of people required to give good care to hospital patients.

Another major area of increased cost is the number of hospital beds and types of facilities required for proper service to people. At the inception of our plan in 1958 there were 5,500 hospital beds in the province, a ratio of 6.34 beds per thousand population. By 1960 alone the beds increased to almost 6,000 with a ratio of 6.65 beds per thousand population. At present there are 6,675 beds or 6.88 per thousand, and by 1971 the projected figures show that we will require 7,308 beds with a ratio of 7.19 per thousand. These actual increases have to be considered as well with the fact that there was a considerable amount of replacement of obsolescent hospitals, so that the actual number of new beds actually brought into use is much higher than the figure that I have given you.

In the past decade some 61 hospital or renovation projects have been completed at a cost of \$42.9 million. Hospital construction and renovation projects now scheduled, based on 1967 costs, is \$121 million, of which \$100 million will be spent by 1977. Of this, some \$21 million in hospital construction is estimated for projects which are under way as of January of this year.

In many respects, and as our total costs under the program have more than doubled from 27 million in 1959 to 62 million in 1967, and per capita costs increased from \$30.00 to \$65.00 in the same period, we compare favourably with the rest of Canada in this respect, but as in 1960 our per capita costs were 10% higher than the national average, in 1967 our per capita costs were lower than the national average. In 1960, Manitoba had the fifth highest cost among the 10 provinces; in 1967 we were the seventh highest. Another bright spot is the utilization of hospital services. This steeply increased from 1,758 days per thousand population in 1960, to 1,948 per thousand in 1964. Since 1964, there has been no further increase. In fact, last year it was just over 1,900 days per thousand population.

So Mr. Chairman, it will be clear that in many areas of expenditure hospitals are caught in the upward spiral which affects the entire economy and is driving up the price of goods and salary levels. The impact-of-wage trend is particularly noticeable on hospitals because salaries account for fully 70 percent of their costs. This, however, is an area where remedies must be found in the economy as a whole. We are, moreover, keenly aware of the obligation to pay adequate salaries to nurses and other highly qualified hospital personnel so that they are not induced to seek greener fields elsewhere. And also, it is important that these occupations are rewarding enough so that competent young people will be attracted to them. So that if we are to maintain the level of service that our people deserve, and if we are to avoid deficit financing, the issue remains that additional funds have to be made available for the Commission's operation.

The Commission Report on Financial Requirements states that an increase of \$1.60 in the monthly premium of single persons and \$3.20 in the monthly family rate, beginning January 1, 1969, would meet the additional requirements to the end of 1971. The alternative to stabilizing the premium on a three-year basis would be to increase the premiums each year between now and 1971 so that they would rise progressively to \$4.40 a month for a single person and \$8.80 a month for a family rate - and I refer members to the table on Page 4 of the Commission's Report.

Consequently, I must announce that the new hospital premium rates will be established at \$3.60 per month for a single person and \$7.20 a month for families effective January 1, 1969. This means that under the prepayment plan, monthly premiums at the new rates will be deducted beginning with the June, 1968, payrolls. People who prepay a six-months premium through their municipalities will pay the new rate next November 30th of this year. The next semi-annual premiums which these persons pay through their municipalities are due on May 31st of this year, but these will be at the old rate as they are prepayments covering the hospital period of July 1st to December 31st of this present year.

The Hospital Commission is basing its prediction of future costs on the assumption that the annual percentage increase from 1969 to 1971 will not be as high as in 1967 and 1968, and more in line with that experience in the preceding six years. The Commission is still planning on increases of \$8 million each year on 1969 and 1970, and \$10 million in 1971. Our concern, Mr. Chairman, must be to obtain the cooperation of hospitals, doctors and the public in making

(MR. WITNEY cont'd) sure that satisfactory hospital care may be provided within these financial limits.

Premiums at the present rate yield about 13 million, which is less than 20 percent of total hospitalization costs. The new rate will yield about 23.5 million annually, and over the three-year period will meet about 28 percent of total costs. In other words, as an insurance buy the hospital plan offers good value. Even at the increased rates, 28 cents will buy \$1.00 worth of insurance. This is of particular significance to the municipalities who guarantee premiums for their residents and thus avoid becoming liable for hospital accounts for indigent residents under the Hospitals Act.

In 1967, Manitoba municipalities paid \$240,000 in premiums for legal residents, but the claims paid for these same residents amounted to more than 1.5 million. The \$240,000 is not the municipalities' net cost for premiums; a substantial proportion of this amount is actually recovered by the municipalities from the individual. And whereas under the new rates the guaranteeing costs will be higher, so will the municipalities' income from the three percent commission for collecting premiums. In 1967 this amounted to over \$142,000 and with the new rates it should increase to about \$250,000.00.

The most important feature of the municipal premium guarantee is that it acts as a cushion for persons who find it difficult from time to time to make their premium payments by the due date. Persons who require assistance from the province to meet living costs are of course exempted from premium payments. And also exempted are old age pensioners with little or no extra income. These exemption provisions have been extended to additional numbers of people with the lowering of the age of eligibility for the Old Age Security Pension.

I trust, Mr. Speaker, that the forecast of costs and financial requirements will provide all of the information that the honourable members require for what I consider will be a rather interesting debate on the announcement that I have just made.

Mr. Chairman, that is the end of the introduction that I would like to make to my estimates except to draw to the members' attention a typographical error on Page 5 of the Forecast of Costs and Financial Requirements. On Page 5 it says, "the Plan in 1968" and that should read "the Plan in 1958." That's in the first paragraph just under the title, Hospital Beds - Development and Utilization.

MR. LAURENT DESJARDINS (St. Boniface): Mr. Chairman, I'd like to, first of all, thank the Minister for his remarks and congratulate him on the improvement that the Department did achieve during the past year. There's of course one thing that will stay with us, one thing more important in his remark, and that is the increase of premium that we finally had verified today.

Now I think that we all realize that you can't have the services without paying for it, so it would be wrong to start harping on this, that the cost of care is increasing. There is one thing that when we received the budget we wanted to know if there was an increase then, and it's obvious that the Minister of Health as well as the government knew that this increase was coming, and we were told, the people of Manitoba were told, that there was no increase in tax this year and this was absolutely wrong. It's absolutely wrong, and we were told that there was no increase. We have an increase now, of what? About \$39.00 for a family, just on the premium besides everything else, so I think that this is an important factor and we're talking about the rates in Hydro, but this has nothing to do with the Department of Health. I think that this is an important thing to remember.

Now the Minister has not said one word again about the question of Medicare or doctors' bills, doctors' fees, doctors' fees being increased, and so on, and this is certainly something that should come under the Department of Health and I hope that the Minister will agree with me that we should not leave the Minister's salary until we find out more of what the doctors are going to do, of who's going to take over MMS, and how we're going to take care of the people come July 1st. A newspaper of yesterday told us that we should get something, some proposal - I think it was Saturday - and I hope, and I ask the Minister, if he would consider that if we have to postpone, we shouldn't delay anything, even if we go into another department, but I definitely feel that we'll have to stay on the Minister's salary until we get a little more on the question of who's going to take over MMS and so on. I think that this is the least that the government can do. This is something very important; something that has to be discussed.

I don't intend to be too long either. I don't think that it would be wise to go into too many details on Medicare. We've had a resolution. I think that certainly something will be said,

(MR. DESJARDINS cont'd) something has to be said on this when we're studying the estimates, but I don't think we should have a debate on the policy and principles of the different parties. I think that we've had this. We've had a chance and this resolution is still on the Order Paper.

Then of course I wasn't going to mention too much about ambulances, because we also have a resolution on ambulances, but the Minister did say something about the ambulance and after receiving a report, we had a report and that's a few years ago. Now the only thing that we've heard - this is the first thing that we have - is there'll be an ambulance; that's not here yet but we're waiting for this ambulance and it'll be on a tryout; they'll ask the different municipalities to look at this. Well, this is not good enough. I remember the members of this Party, I remember a few years ago when the question of ambulances was brought in by the members of the New Democratic Party, we believed in free enterprise keeping on running the ambulances, and a few years - I think it was last year or two years ago, the same resolution was brought in. We said that we did not believe just in a question of private enterprise first, before the people - this is the same stance that we're taking on Medicare - and we felt that it was a sad situation here, this question of ambulances, and we were even ready to go with the publicly-owned and operated ambulance at the time.

Now we've had so many things since then. I think that the Minister should have done more on this. There's a sad state of affairs that's taking place right here in the Metropolitan area. I think there's a question of one company, one ambulance company has a monopoly on the calls. I think that should have been stopped immediately. I think that this is something -- why do you have a Minister of Health? I think that this should be stopped immediately. I think that maybe either we go - and we're flexible on this - either we go with the publicly-owned ambulance - we still say it is the last resort; we feel that it could be done without this. Maybe the private companies should be subsidized to a point and I think this would probably be cheaper, but I think that the Minister, after asking for a report on the ambulance service - there's a report that was tabled here a few years ago - I think that the Minister certainly didn't go too far and I'm not satisfied with the report that he gives on the ambulances so far, but, as I say, we have a resolution on the Order Paper now.

And then, I've talked about certain things for the last three or four years and nothing has been done on this. This year I have two proposed resolutions and I hope that this is not going to come in the last day, that there'll be a few words on it and nothing will happen, so if we have to we'll discuss this during the estimates. It depends on the action and the words of the Minister, but those two resolutions I think would bring matters to a head in this question of health.

Now, as I said, to give the proper service it's going to cost money, so the total cost has been increased. We don't have to hide behind anything. This is a fact and we have to recognize that fact. As I said, we should have recognized that fact during the budget debate but it's too late to worry about this now except that the people of Manitoba certainly can see. You can't hide this; they've got to know that it's going to cost money and it's a good thing that they know. And the premiums, now, as I say it's an increase for a family of \$39.00.

And then the Minister talks about exemptions. Last year I brought in the question of the people that I felt should be exempted most; we'll say an only child of a widow going to school up to a 21-year old, is not exempted. The Minister said he'd look into this. I haven't heard anything on this at all and these people still have to pay, because the exemptions come only if you pay a premium for a family, and a widow alone pays the single fare but she has to pay single premiums for herself and for her son or daughter attending university; double single comes to a family plan, so there's certainly no exemption and I think that this is certainly something that should have been looked at. It's not that difficult. We should get an answer on this. I've asked, and I mentioned this last year, and nothing has been done on this at all.

Now the Minister has also talked about the nurses, the shortage of nurses. As the Minister said, we had quite a debate last year. I think he was the only one in all Manitoba that claimed that there was no such a thing as a shortage. Every member of his staff agreed that there was a shortage, but at least something has been done this year. I certainly congratulate him for this. But again, I don't think this is enough. I'd like to hear more of the -- I wonder if the Minister could take his report of the Ministers on the Health Committee on Supply of Nurses and tell us how many recommendations have been looked into and what has been put into force. For instance I haven't heard anything this year of the two-year course for nurses. Are we going to have a two-year course or is it going to stay at three? This was something we

(MR. DESJARDINS cont'd) talked about for the last three years. We're talking about the increase of admission to the Nursing School and there's a grand total of 22 this year and this is not enough. Twenty-two. It's not 22 new nurses; I know that we have nurses from different countries and so on, but some of our own, those are girls going in for nursing, there's 22.

Now, is he satisfied with the wages paid to these people? I could not help but -- when I saw the paper yesterday, and I saw where the City of Winnipeg, the recommendation was to pay for a family of four people on welfare, to pay over \$5,000.00. \$5,000.00. Here we're trying to encourage men to go in this profession, in this business. It's something they have to study. And they are now getting less -- they might be people with a family, and in a profession such as nursing they are getting less than what has been recommended yesterday for a family of four on welfare. I can't see where you're going to get people to go for this.

Now there's always the question of wages. Of course there's some improvement, I have to recognize that's been made on that, but there's still a shortage and I'm not going to condemn the government for this. I did last year. They're on the right track. The government, the Minister's doing something now. I don't think they're going fast enough and I'd like the Minister, and I think that he should, tell us why we haven't got this two-year course for the nurses. I think this is very important because he was the one, he was one of the members himself who seemed to be very much in favour of this, and we haven't heard any more on this at all. Therefore if we admit, as we all should, that there is an increase in the cost, does that mean that we must agree with the increase of premium? I don't think so.

First of all, and I'd like to ask the Minister to give me this information as soon as possible because I never have it; every year I ask for it and we have to fight for it; I would like to know -- we have the Report of the Manitoba Hospital Commission, the Annual Report, and if it be the Government of the Province of Manitoba -- those are the grants. There's \$20 million. I would like to know how much of that comes from the, I still call it Hospital Tax. The government pretend that it's a gift, try to give the impression that it's a gift. It's tax money; it's a tax that was put in for that purpose. It was 6 percent, 6 percent income tax, and then it was reduced to 5 percent, and at the time I asked the government: why this reduction? This was a fair tax. If you are going to pay for something, I know that it comes pretty heavy on some people but I believe the fairest tax of all is the income tax. Now we reduced the 6 percent to 5 percent; we kept the one percent Corporation Tax. I would like the Minister to tell me how much we receive on this five percent.

Now the Minister and the First Minister last year and the year before, said that the government would still give the equivalent of 6 percent so I'd like to know the 5 percent and the additional one percent. I guess we could ask my friend here with his pencil and paper to divide by five and find out what the one percent will be. Now the Corporation Tax, and it was also promised in this House that the government would give other grants beside that. I think that probably if we had this, we'd have a better idea where this \$20 million comes from.

Now this is something, there's something else; and here I am not necessarily speaking for my party, I am speaking for myself. It's something that is not popular, but I think that if you're going to keep on with the cost, you've got to start thinking of the utilization fee, of a deterrent fee. It's not popular, especially with the members of the New Democratic Party, but it's something that you have to look at. It costs money for services and I think that people that are receiving service should be asked to pay. If you don't like the word "deterrent," do away with that word, but use the word "utilization fee" and remember this. Call it what you want but I still think it's something that has to be looked into. This is fair, and even if you want to do away with the premium I'd go along with this. More of the income tax and then a deterrent fee, and do away with the premium, and then you won't have all the same people the honourable friend mentioned earlier this afternoon, these people that are taxed on homes and so on. -- (Interjection) -- I think I know which way you want to go.

Well, I think that you are not going to win any popularity contest with this. You can say that I was with you, if this is going to help you. You can neutralize this, but I think that this has to be done, and don't forget that by 1970 -- and remember this now, this is '68 and in two years if we're still here, remember what I suggested then, you are going to have the government phasing out, the Federal Government phasing out of all these plans. What are you going to do then? This is something that the people will have to -- they are asking for responsible government and this is one way to do it. As I say, it's not popular, but I can't stress too much

(MR. DESJARDINS cont'd) that this is something you definitely have to take a long look at this. You can't keep on with these premiums the way they are.

So far I recognize the increase. There's an automatic increase for all these services, especially, as the Minister said, with close to 70 percent being wages. I recognize that. But I say that it should be financed in a different way. I say that it should. So this is a recommendation. As I say, I'm not saying that my party has accepted that. I'm taking sole responsibility right now for it, but I can say that I'll try my darndest to try and get the party to go for this because I think this would be responsible government. I think that this is one of the things that is needed.

Now, when you say that you recognize that certain things, certain services cost money, that doesn't mean that you should automatically say, whatever that cost, here it is and not worry about cost or anything like that. I think that we could cut down on this cost. In the past we have said, "Well, we can't change this - this is what the government give us. This is cut and dried." Well we are all Canadians, and speaking a little bit on the resolution, I won't go into detail, but what I'm asking is that we should meet with the Federal Government as soon as possible and we should review this plan. It's been in operation for ten years now and I think it's high time that we reviewed it. We've talked about mental health and I think that it's time that this is recognized. And I might say right now, I'm not suggesting again more money; whatever the government can give us, the Federal government could give us on this. If we can get more, all right; but whatever they can give us. If they can't give us any more they have got to re-assess; they've got to change this plan, because right now we are spending too much money. We are saying, "This I deplore," but it seems to me that whenever the Federal Government gives us grants, it looks like if it's coming from heaven nobody has to pay for this, and it's unfortunate that we always take this attitude.

But I think that we have to -- we have the same amount of money, let's use it to the best possible advantage to all Manitobans and to all Canadians, and I think that we should have a good meeting with the different provincial governments and the Federal Government to re-hash, to look at all this. I think that we should do this and let us do things differently. They will pay now only for construction or care in certain hospitals, and I think that this has been the downfall; this is why this health has cost so much. They will take care of acute care cases in bed, and this is wrong. What are we doing now? We start by building, and again I'll say something that's not going to be popular. (I'm glad my Leader's not here.) But I think it's time we take another look before we build any more beds, acute beds, acute care beds. It's time we have to take a look. I think we should leave the upper part of the ladder and come back to the bottom, and I would like - and this is why I say we have to get non-condition on this amount of money, use it to the best advantage - I want us to improve in this home care. I think we can get a lot of people, if there was a doctor and a team of doctor and nurse. I think that we have come a long way on this, but I'm not satisfied. I think we can do an awful lot more there.

I think that we are not doing enough. All right, we can blame the Federal Government and I don't care who we blame, but as I said, we are all Canadians. We are all -- this money for the health care, we have got to get as much advantage out of this. We are not doing enough on nursing homes, and then - I can go up instead of going from the top down - extended care. And we will never know how many beds we need in acute care until we start by the bottom and get the people out from the expensive care.

I have from the Manitoba Gazette here, I have the per diem rates. Do the people of Manitoba really know how much it costs to stay in these hospitals, especially let's say General Hospital? \$54.15 per day. Per day. Now, then you go to -- this by the way, maybe the Minister can explain, we have a \$44.20 for Grace General Hospital and \$38.00 for St. Boniface General Hospital. I can't see why the big difference. I'd like to have -- I'm not saying that it's not justified. It seems to me, though, that the Hospital Commission wants to save money and I don't blame them. They are always talking on anything that you want you are going on past performance.

MR. CHAIRMAN: It's 5:30 now. I wonder if the honourable member would like to continue at the next sitting.

MR. DESJARDINS: Thank you.

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

IN SESSION

MR. J. DOUGLAS 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, and the House adjourned until 2:30 Thursday afternoon.