

THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Monday, April 4, 1966

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

MR. CHERNIACK: Madam Speaker, at 5:30 I was speaking about the government's policy in relation to the underdeveloped areas, or the areas that are not economically self-sufficient, and I wanted to suggest that the important policy on which the government must embark is one which will raise the standards of living for all of the people in the depressed areas, and make them more useful members of society. If you want to call this socialism, or if you want to call this redistribution of wealth of the province, we will accept that description.

We feel that every man is entitled to his place in the sun. By continuation of the unrestricted free enterprise system there can be no redistribution of wealth and opportunity except to the extent that the government has accepted the principle of the welfare state by taxing the rich in order to provide relief for the poor. And even in this minima principle of taxation on the ability to pay, this principle is one which the government has failed to implement on a consistent basis. One need only look at the system of taxation in the Province of Manitoba to see the truth of this statement. Instead of taxing units of wealth, this government has created a situation in which a major portion of the cost of operation in this province must be borne by the municipal taxpayer.

It is obvious that real property does not necessarily bear a relationship proportionate to the wealth of the individuals possessing it, and yet the government continues to operate on the principle that it does bear such a relationship, with resultant hardship to people on low and fixed incomes. The Premier has made much of the fact that the provincial government's aid to municipalities has increased markedly since 1958. This is a meaningless comparison, since the previous government had absolutely no conception of what its responsibilities were and the Conservative Party owes its political success to that fact.

In this regard I would like you to look at the table on Page 8 of the printed copy of the Budget Speech, entitled 1965 Provincial and Local Government Tax Burdens. The table is supposed to demonstrate Manitoba's favourable position with regard to the total tax burden imposed on taxpayers by provincial and local governments, and on the surface it looks pretty fair; only Alberta is lower than Manitoba. But on the other hand, the services provided for the taxes charged have not been taken into account. For example, in Saskatchewan, in addition to the services normally provided in Manitoba, the government there is providing Medicare and automobile insurance contributions. And note the comparison with Ontario, where there's a very heavily industrialized province providing a substantial real property assessment base.

Moreover, the table makes another interesting revelation. Comparing local government levies to total provincial and municipal levies on a percentage basis, we find that only the Alberta municipal taxpayer contributes a larger share of the total tax burden than does the Manitoba municipal taxpayer. And if you look at that very chart which is shown on a dollar basis, a dollar per capita basis, it makes it appear as if Manitobans are not paying quite so much as the other provinces, but if you look at those figures transposed into percentages of the total provincial-municipal tax load, you find the following: Province of Quebec - 30 percent of the total tax load is put on the municipal taxpayer; Ontario - 42 percent; Saskatchewan - 43 percent; Alberta - 57 percent; British Columbia - 34 percent; Manitoba - 43 percent. To repeat, this table demonstrates that with the single exception of Alberta, municipal taxes represent a larger percentage of the total tax burden in Manitoba than any of the other provinces selected for comparison by the Premier in his Budget Speech. And municipal tax rates have actually been increasing.

I don't need to cite any figures for this. You need only ask any ratepayer in the Greater Winnipeg area whether or not his taxes went up this year. The City of Winnipeg is now tussling with its budget, and it expects a substantial increase which may be as high as a ten percent increase in local municipal taxes. In view of the statements in the Michener Commission Report regarding the undesirability of excessive municipal tax rates, can the Province of Manitoba claim that Manitoba has a more advantageous position with regard to taxes in other provinces, when its municipal tax rate is higher in relation to total expenditures?

The Fisher Reports of the Municipal Inquiry Commission states on Page 17: "As the only practicable and remunerative forms of local taxation are the property tax and the business

(MR. CHERNIACK cont'd.) tax which do not necessarily bear much relation to income, municipalities should be responsible for service generally benefitting property, and the province, which has more varied sources of revenue more closely related to ability to pay, should be responsible for services benefitting people." And the Fisher Report continues, "Municipalities should therefore assume full responsibility for local public works, local drainage, local utilities, local improvements, protection of persons and property, and local services which are of benefit to property owners. The province, on the other hand, should be responsible for services which mainly benefit people, such as education; hospitals; health and welfare services; and public works, which benefit all the people of the provinces, such as trunk and regional highways, regional drainage, main bridges, main waterways, and provincial water conservation projects."

Look what has happened in relation to this statement. Let's take the cost of education in the City of Winnipeg, for example. I have an extensive chart which is a chart prepared by the Winnipeg School Board stretching from 1958 to 1966. I won't read it all to you but I will just mention a few of the figures. They break down the cost, the gross cost per pupil, and they find that in 1958 it was \$298.74. What is it this year? Estimated, \$485.00. The mill rate on the school tax levy in 1958 - 23.96 mills. What is it in 1966? 36 mills - an increase of 12 mills. An increase of one-third. And that is to -- (Interjection) -- Pardon? Oh yes, of course, but the mill rate is divided by the assessment. If the Honourable Minister of Natural Resources is not aware of that then he should be made aware of it.

HON. STERLING R. LYON Q.C. (Minister of Mines and Natural Resources) (Fort Garry): quite aware

MR. CHERNIACK: That you take the assessment and you divide the money that you need in the assessment and you get a mill rate, so that -- (Interjection) -- Well possibly he will. He sits just below the Minister of Municipal Affairs and no doubt could advise him were he here.

Well, what has the government done to alleviate this situation? In 1964 it raised new taxes at the provincial level, which the Premier assured the House would be devoted to taking over responsibilities from municipalities, thus making it possible to alleviate the burden on the local taxpayer. On Page 35 of his 1965 Budget Speech, the Premier stated: "The primary aim of this operation was not to raise revenue for provincial expenditures as such, but to enable a massive transfer and shift of the tax burden from the local taxpayer to the broader provincial tax base."

I pointed out last year, time and again, that some \$5 million or approximately over 20 percent of the total monies thus raised in the last fiscal year were not employed for the purposes the Premier indicated they would be used, and you will recall I begged Ministers of the Crown and the Provincial Treasurer to correct me if I were wrong in my statement, and I was never corrected. These \$5 million went into the general revenue, and helped build the surplus which is necessary this year to provide for the drafting of an attractive budget in an election year. And just like last year there was \$5 million, so will there be \$5 million this year, plus natural growth on the \$5 million, or rather on the \$24 million, which will become part of the revenue for this fiscal year as well. The government today owes the municipal taxpayer of this province at least \$10 million. At least \$10 million, Madam Speaker, is a debt owing by this government to the municipal taxpayer based on the Premier's own statement in his 1965 budget: "The primary aim was not to raise revenue but to enable the massive transfer and shift of the tax burden from the local taxpayer to the broader provincial tax base." I say that there is \$10 million and more which was raised in the special taxes that we were called here in the summer of 1964 to provide for the municipal taxpayer which was not used for that purpose but put into the general revenue of this province. I can't make this point too strongly.

The government in justifying its increased taxes in 1964, stated that it would undertake to reimburse the municipalities for part of the road building and maintenance program. What do we find today? The 1966 Budget of the Greater Winnipeg Metropolitan Corporation reveals that Metro expects to spend in this current year for streets d. . . charges on streets and bridges, and boulevard maintenance for centre dividers as those arterial highways such as McGillivray Boulevard, Trans Canada East, and the St. James Underpass, all of which were provincial responsibilities, a total estimated amount in excess of \$4 million. That's Metro's current budget. The Metro budget reveals that they expect to get from the province in Highway grants, the sum of \$640,000 leaving a levy on the municipal taxpayer of approximately \$3,360,000,

(MR. CHERNIACK cont'd.) equivalent to about $3\frac{1}{2}$ mills. Think of that relationship; \$4 million to spend \$640,000 to receive from the Provincial Government, to lessen the burden on the real property taxpayer.

In addition to that, we find that in the 1966 Capital Streets Program of Metro, the figure is \$8,175,800, of which the Provincial Government undertakes to pay 50 percent. I should mention, so that my figures are complete, that the province intends to reconstruct Highway 59 at its own cost before turning it back to Metro. But the Provincial Government's share of that \$8 million and some dollars will come out of current revenues of this province, but Metro's share, \$4,087,900, must come out of borrowing, and approximately \$370,000 per year for the next 20 years will have to be added annually to Metro's Budget to make payments on the debt charge incurred for this coming year's capital. At this time, when the costs of these arterial streets are being substantially reimposed on the shoulders of the real property taxpayer, we find that in the latest Public Accounts of this province, the \$15 million surplus of which we all are aware, includes an amount of over \$6,700,000 received in excess of what was estimated from revenues on gas, motor fuel, motor vehicle and driver's licences, so that at this time the province received - last year that is - \$6,700,000 more than it expected to receive, but Metro is still stuck with a cost of some \$3,360,000 on its own shoulders current, whereas the province will be contributing \$640,000.00.

The additional revenue received by the province over and above what it estimated to receive went into the general revenue of the province and is included as income in the current estimates by way of surplus. In considering this, remember again that in the Fisher Report the recommendation was that the province should be responsible for trunk and regional highways and main bridges, and certainly Metro arterial streets come into that category.

This year, the Provincial Government announced with pride that they are increasing grants to schools. As I indicated in a speech during the debate on education estimates, this has proved to be largely an exercise in futility, since the formula for the general levy has not been altered. In 1966, the Winnipeg School Division brief to the Cabinet reveals the following: Table 5 in their submission - and again I won't read it all to you - I have here a Trend in Net Operating Grants per pupil from 1960 to 1966. In 1960 the net operating grant per pupil from this province was \$67.29, equivalent to 26.12 percent of the expenditures; 1960, \$67.29 - 26 percent. 1966, \$54.33, a drop of \$13.00; the percentage, 19.82 percent as compared with 26.12 in 1960, a substantial drop. And lest somebody say, "Oh well, on the equalized assessment Winnipeg is richer than the others," let me remind the government that the City of Winnipeg has 25 percent of the people of the Province of Manitoba within its boundaries, and let me also refer to the government the fact that Metropolitan Winnipeg, the suburbs of Metropolitan Winnipeg are not far off from the City of Winnipeg figures. But I have the Winnipeg figures as has the government, and this is what they reveal: a drop from 1960 to 1966, a drop from 26 percent to 19.82 percent of the total expenditures.

Now, let's look at the methods that this Provincial Government chose to raise the taxes necessary for this spurious attempt to reduce municipal tax burden. It increased motor vehicle and driver's licence fees. It placed taxes on essential services such as heat, electricity, telephone, gasoline, diesel oil, taxes which adversely affect the same groups within society as do municipal taxes, and at the same time it reduced the income tax. You don't correct an inequitable situation by imposing yet another.

Well, this year after a great deal of pressure from the opposition, the Premier removed the heat tax, but for the wrong reasons. Not because he thought it to be inequitable but because he said he didn't need the revenue. The fact is, he never needed that revenue and he must have been the first to know it. I suggest that the real reason was because the tax was rightfully highly unpopular with the people and he has an election coming up. Moreover, it represents but a small percentage of the total amount of taxes levied on essential and near essential services. None of the others have been removed, even though a substantial part is not being used for the purposes undertaken by the Premier.

We contend that in the field of taxation the government has failed dismally to meet the needs of the people of this province. It was gratifying for the New Democratic Party to learn that its policy, enunciated in the 1962 election campaign in respect of taxation, was confirmed by the Michener Commission Report and the Fisher Report to the effect that the municipalities should be financially responsible for and administer services benefitting property, and that the province provide services benefitting persons. Neither the Conservatives nor the Liberals have accepted this principle, and indeed they opposed it vehemently during the election. This

(MR. CHERNIACK cont'd.) policy must be implemented if we are to have a just society in Manitoba and if there is to be equitable distribution of the wealth of the society in Manitoba.

We realize that the basic revision of the structure of taxation that we advocate cannot be carried out overnight. However, the Provincial Government's efforts to alter the tax structure, if indeed there have been any, have failed dismally. To the extent that these endeavors have failed, the government has failed the people of Manitoba. To the extent that they have failed the people of Manitoba their stewardship must be terminated, and for this reason we welcome an immediate election.

During the election campaign of 1962, the Premier, speaking in Flin Flon, said that the New Democratic program was pertinent to Manitobans as a petition of bankruptcy, as real as a bank overdraft. At that time the Premier stated that our policies would drive businessmen out and keep new industries from coming in. The report of the Manitoba Consultative Board clearly indicates that the policies of the Conservative government have resulted in the very situation the Premier depicted for our policies. At the same meeting the Premier claimed that with an NDP government personal income tax would go up 400 percent, corporate income tax 350 percent, if the party followed its "ability to pay" principal. He said that our policies would cost Manitoba \$100 million.

Leaving aside for the moment the fact that Manitobans were already paying a substantial part of that alleged \$100 million for such things as health care out of their own pockets and not through the government, and as much as the additional cost that the Premier said would occur would really have been merely a reallocation of resources, let us look at the Supply Estimates for 1962 and 1967. In 1962, just before the election, the main Supply Estimates totalled \$103,856,514. As we well know, the total main Supply Estimates for the year ending March 1967 are \$230,890,478, and calculated on the old basis; that is, there has been a \$127 million increase in expenditures over that six-year period without the fantastic increase in taxation that the Premier alleged that our so-called hundred million program would necessitate. He is spending today substantially more than the hundred million dollars that he tried - that he did frighten the people of Manitoba with. What was our program? Natural Resources. We said, "Develop Churchill as a seaport." Think of how familiar this sounds in today's ears. Develop Churchill as a seaport; develop the Nelson River power potential. Is the government not now making a stab at both of these projects?

In Social Security - the provision of health, dental and optical care for all, portable pensions for all, increased Old Age Pensions. We're now rapidly moving towards at least the partial achievement of each of these items, with the exception of dental and optical care. And who is doing it? The Provincial Government; the Federal Government. In Agriculture - the creation of a Ministry of Co-ops; comprehensive crop insurance; marketing boards. Haven't we heard something about the latter two items just recently in this House?

In Labour - a minimum wage rate of \$1.25 per hour; abolition of zone differences; a new Labour Relations Act. Well, there's already been an inadequate increase in the minimum wage rates since that time, and some of the zone differences are being removed or are about to be.

Consumer Protection - creation of a Consumer Advisory Counsel. Is it a secret that the government is now following our lead in this field?

Fishing - establishment of floor prices, marketing boards, co-op enterprises. Indian citizens - creation of co-ops, vocational training, community development. Automobile insurance, Madam Speaker - automobile insurance. We said, "all-inclusive automobile insurance at cost." What is the government now proposing? Do you have to look in the Votes and Proceedings to see the Notice of Motion which has been filed by the Honourable Minister in charge? The government is prepared to make an exhaustive survey in this very field. -- (Interjection) -- Well they say they are. One can only assume that once a committee of this Legislature is appointed that we at least will make sure that they do.

In Education - we said education should be available to all. What did the Premier say just in that last speech we're talking about? He says he's aiming to absorb 100 percent of the base cost of education, but only with the help of federal funds. He's prepared to go it alone on the Nelson River, but when it comes to education, his first priority, he must wait for federal help.

Well, Madam Speaker, you note the number of our suggestions which have been put into effect wholly or in part, federally or provincially, since 1962 without the fantastic increases in taxes that the Premier said would occur. Let it be clear, however, we say that taxes in

(MR. CHERNIACK cont'd.) this province remain inequitable. In the light of the figures and the information I've just reviewed, it is apparent that the Premier's attack on our program during the 1962 election was just another example of wizardry, irresponsible attacks on a highly responsible program.

The amendment presented by the Honourable Leader of the Official Opposition, together with his address in support of same, is one with which we cannot really disagree. We note, however, the fact that throughout his speech there's a great deal of criticism of the government, firstly in relation to the facts and figures as presented by the Premier, and secondly, supporting his contention that there has been a decline in Manitoba's development, rather than, to use the words of the Premier, "a buoyant economy of increased revenues." We agree, but we feel that it omits constructive criticism and that it offers no positive program for Manitoba's people and for its future. This we feel is typical of the Official Opposition which acts as an opposition only in the sense that it criticizes what is being done by the government. This very same Party had great opportunities in time of growth to lay the groundwork for action by the government, and they failed. Indeed, throughout the address of the Honourable Leader of the Opposition, appears a constant conflict on the one hand between what appears to be the progressive side of his Party, the policies requiring advancements in education in another field; and at the same time, the reactionary side of his Party which thinks in terms of debt and the retention of untrammelled free enterprise; free enterprise which rejects government involvement and initiative. That conflict is theirs to tussle with.

We agree that the government has failed to give the true facts to the people, but we think what is more important is that it probably is not itself aware of, nor does it comprehend what the true facts really mean. We agree that the government has during eight years in office failed to promote adequate economic growth, but we have definite ideas as to how this should be accomplished. We agree that the government has not taken full advantage of the federal assistance program, particularly in the field of vocational education, but we feel that in addition to taking advantage of federal assistance it must make demands on its own people as well, to carry forward with necessary progress.

And thus, and since it is the duty of an effective opposition not only to criticize but also to propose alternatives, I move, seconded by the Honourable Leader of our New Democratic Party, that the amendment be amended by deleting all the words after the word "regrets" in the first line and substituting the following:

1. That the government has failed to utilize the financial resources of the province to promote the economic growth of the province by (a) establishing industries by public funds where necessary to provide employment for our citizens in developing the products of our primary resources, and to ensure a fair return to the citizens of Manitoba for their investment; (b) increasing minimum wages and establishing a monetary return climate which would tend to curtail the exodus of skilled and professional personnel from Manitoba;
2. That the government has agreed to permit outside financial interests to exploit the natural resources of our province for private gain rather than for the wellbeing of the citizens of Manitoba;
3. That the government has failed to produce a blueprint for the future which would ensure each Manitoban with a reasonable standard of living, a reasonable standard of health care, and has failed to provide the necessary educational opportunities to enable our citizens, young and old, to develop their talents based on ability to absorb knowledge.

MADAM SPEAKER presented the motion.

MR. FROESE: Madam Speaker, unless anyone else wants to speak, I will move

MR. PAULLEY: Madam Speaker, if the Honourable Member for Rhineland is going to adjourn the debate and if no one on the government side is going to speak, may I be permitted then to say a word or two?

My sole purpose in rising, Madam Speaker, at this time is to draw to the attention the utter lack of interest in the affairs of Manitoba as exhibited by the government of our province. The Honourable Member for St. John's has for over an hour, prior to adjournment and since, listed a number of propositions for the consideration of this House insofar as the position of Manitoba is concerned, for the consideration of the government. During the consideration of the Speech in reply to the Speech of His Honour, I, on behalf of the New Democratic Party, had the honour, like my colleague from St. John's, to raise criticisms of the operation of the Government of Manitoba under the present administration. At that time I offered, on behalf of my Party, alternatives for the consideration of the government on behalf of the people of

(MR. PAULLEY cont'd.) Manitoba. These were totally ignored by the government. It appears to me, Madam Speaker, that the criticisms of the government, as listed by my colleague from St. John's today, are likewise going to suffer the same results as our criticisms of the Speech from the Throne; namely, no reply from the Government of the Province of Manitoba.

I appreciate, Madam Speaker, that the government is in a very unfortunate position in that the spark plug of the government is confined as a result of the flu. We respect very much the contribution of what the First Minister has made to Manitoba, but surely, Madam Speaker, the Government of Manitoba has not evolved itself into a position where only one man can answer for the deficiencies of the province, and if he be confined to a sick bed then there is no reply from 32 or 33 members opposite.

As I listened to my colleague listing as he did the criticisms of government, I could not help but feel that in the ranks of government there was a spirit of complacency; there was inattentiveness on behalf of the members opposite. If I read correctly the expressions on the faces of the members of government it seemed to me, Madam Speaker, that there was a lack of comprehension of the situation that Manitoba and Manitobans are faced with at the present time. It seemed to me, Madam Speaker, that there was total indifference on the part of government as to the affairs of Manitoba, and I also wondered as I listened to my friend and watched the reaction of members opposite, whether or not the Conservative Party of Manitoba felt that they ruled by divine authority, because they did not seem to comprehend; indeed, they did not even seem to be interested in the picture of our province as revealed by my colleague from St. James -- or St. John's. I sorry for the slip. I apologize to both the Honourable Member for St. James and more particularly to my colleague from St. John's.

But, Madam Speaker, notwithstanding that, I do think that the government is failing completely in the assessment of the problems of Manitoba. It is well, Madam Speaker, when you have a majority such as the government has, to sit back on your haunches and to say nothing of the criticisms. My colleague pointed out how the Government of Manitoba in 1962 rejected our contention as to what was required for Manitoba, and has pointed out that in many areas these have been accepted now by government. I could not help, as I listened to the contribution of my colleague from St. John's, but to look across at my friend the member for Wellington, who is one of the avid supporters of the free enterprise anti-socialist philosophies of the Government of Manitoba, sit complacently, without rebuttal to the proposition of the Honourable Member for St. John's. How, might I ask, Madam Speaker, can the Honourable Minister of Industry and Commerce sit back without reply?

HON. GURNEY EVANS (Minister of Industry and Commerce) (Fort Rouge): By waiting our turn.

MR. PAULLEY: By waiting our turn, Madam Speaker, my honourable friend says. Today is the seventh day of the debate on the Budget Speech. Tomorrow is the final day. The last day, Madam Speaker, that anyone is going to have the opportunity of discussing the budget as presented by the First Minister. My honourable friend, the Minister of Industry and Commerce, at the present House Leader, says "we are waiting our turn." Is he waiting for the ninth day, Madam Speaker?

The Honourable Member for Rhineland was going to take the adjournment.

MR. EVANS: He always has.

MR. PAULLEY: He always has. Except when the government desires to make a reply. The person, Madam Speaker, who introduces the budget, namely the Provincial Treasurer, can only make a reply on an amendment or a sub-amendment. It isn't like an ordinary debate where he can close the debate. He is not here. Without him, where stands the government.

MR. LYON: You don't know what's been going on. You haven't been here.

MR. PAULLEY: My honourable friend the Minister of Mines and Natural Resources draws to the attention of the House that I haven't been here; I don't know what has been going on. May I say to my honourable friend, Madam Speaker, he has been here and doesn't know what's been going on. -- (Interjection) -- It's not debatable, it's factual. It's factual. As a matter of fact, Madam Speaker, my honourable friend knows that it is factual and I don't have to be here to know what is going on. Far more important, Madam Speaker, I think is the fact that I don't have to be here to know what is not going on; and what is not going on, Madam Speaker, is that the Government of Manitoba is taking due cognizance of the deplorable state that Manitoba is in -- (Interjection) -- How many unemployed? About 300 now added, at Bissett, because the government -- (Interjection) -- not true? Then I ask, Madam Speaker, if it is not

(MR. PAULLEY cont'd.) true for the Minister of Labour, who I believe made the interjection, to tell me, to assure me -- to assure the 300 affected at Bissett that they are not unemployed.

He was at a meeting on Sunday, if newspaper reports are correct. The closing of the plant at Bissett is going to mean an addition of 300 to the ranks of the unemployed in Manitoba. -- (Interjection) -- Not true? Then I take it, Madam Speaker, and I'm happy to take it, that the Honourable the Minister of Labour is prepared to stand up in his place, preferably tonight, and to say to the people of Bissett, you have no worries, you are going to be retained in employment. I challenge -- (Interjection) -- Accepted? Madam Speaker, my purpose of arising has been accomplished. At least I'm going to get somebody of government to say something about the situation in Manitoba. And if indeed it's just going to be the Minister of Labour, at least it's something, to get extracted from some member of the treasury bench of the government, some reply. I'm glad to know that they're all not mutes, because certainly this has been the situation so far, so far as government is concerned in relation to the problems of Manitoba.

Now, I see, Madam Speaker, the Honourable Member for Rhineland is back in his seat. He was going to take the adjournment. I throw the torch to him in the lack of any fire from government, except that in the interim -- except, Madam Speaker, for in the interim the Minister of Labour has assured us that we are going to receive some reply of our criticisms from government and he has as a result of my rising in this debate apparently undertaken the obligation or the privilege to turn around and to say to the people of Bissett - don't worry there's going to be no unemployment there - something apparently, Madam Speaker, that the Minister of Mines and Natural Resources wasn't prepared to do at a meeting on Sunday.

With these few remarks I challenge the Government of Manitoba to come out from their shrouds, the tent of complacency, and to tell the people of Manitoba where standest thou, because from every evidence of those of us on this side of the House, Madam Speaker, it's not a question of where standest thou, it is are you going to continue to sittest thus? Now how about it?

MR. LYON: Madam Speaker, would the Honourable Leader of the NDP permit a question?

MR. PAULLEY: I certainly would.

MR. LYON: After listening to my honourable friend for twenty minutes, would it be a safe summary of his remarks to say - and I ask him to answer this question - that he is saying, as one of the old politicians did once in the United States to a newspaper, "Say about me what you will, be it good or bad, but for God's sake don't ignore me." Was that the essence of what he said just now?

MR. PAULLEY: No, Madam Speaker, I'm not quite as conversant with what happens across the line to the south of us, apparently, as my friend is, but I say to my honourable friend, my purpose in rising was not, as he suggests, to get an answer for me. I'm not concerned, Madam Speaker, for an answer for me, Russ Paulley, Leader of the New Democratic Party, the Member for Radisson. But, Madam Speaker, far more important than myself or any other individual member of this Legislature, it is the people of Manitoba who are entitled to an answer as to the propositions and the situation as raised by my colleague from St. John's which is not forthcoming from either the Minister of Mines and Natural Resources or anybody else with the possible exception of the Minister of Labour.

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MR. SHOEMAKER: Madam Speaker, if the Honourable Member for Rhineland has no objections, I know the House will have, but if he has no objections, I might make a contribution to the debate. I was only prompted to do so because of the fact that I understand the Premier is speaking tonight in Neepawa at a Nominating Convention. (Interjection) I'm wrong again, he says. Well, I didn't get very far. . . .

MADAM SPEAKER: I just do not understand why on the debate for the budget that we have to talk about things outside the House. I imagine we can keep our remarks to the budget speech here, please.

MR. SHOEMAKER: If you can control the members opposite from interjections it would be helpful for me to stay on my subject matter.

MADAM SPEAKER: if the honourable member continues. (Interjection) . . . Order - order please.

MR. SHOEMAKER: So, Madam Speaker, I was prompted to get up tonight because of statements that were made by several members on both sides of the House; one because of a statement that was made by the Honourable Member for Winnipeg Centre, the Deputy Speaker, the other evening when he said that we on this side of the House had voted for a lot of the measures that called for huge sums and that we, had there been any mismanagement of business in the eight years that my honourable friends has sat opposite us, that we were really to blame along with them. Now, I want to divorce myself - and I think I'm speaking for all of our party - divorce ourselves from the mismanagement of funds that has gone on in the last eight years. It is quite true that we voted for a lot of the legislation that called for spending - that is quite true, we did, on many many occasions. And why did we vote for them? Because this government at three different elections that I have fought and participated in, they promised not only we the people on this side of the House, but every citizen of Manitoba, that they could do all of these things with a lot more business-like administration than the former government. In fact they said they could do all of these things without increasing taxes to the taxpayer. They also said that the former administration had abandoned the farmers and abandoned a lot of other people and that they were going to take over and henceforth and forever more things would change and there would be a drastic improvement.

Now after eight years in office, and after increasing the budget from something like \$80 million to \$300 million, we don't think that they have done what they promised they would do in three elections. We don't think they have. I know my honourable friend the Minister for Winnipeg Centre said that we still had the cheapest place on this continent to live in, or some words to this effect, and that we could expect an influx of people from all over the continent to come to Winnipeg because of that fact. Well, I haven't found that to be quite true. Madam Speaker, one thing that I have found in my eight years of experience in this House, is that this government wastes a great deal of money that could be saved -- a great deal of money that could be saved, and I intend to point up some of the things to which I refer.

It seems to me that ever since 1958 -- and, Madam Speaker, you and I I think, came into the House together; no we didn't, I was in a year or two before you pardon me, -- but I think at the first session of the Legislature that I attended in 1958 - if it wasn't the first one it was the next one - an amendment was made to the Legislative Assembly Act to provide that certain Q. C's could sit on the Crown Corporations - and by Q. C's I mean qualified Conservatives - whether they are inside the House or outside of the House. And it seemed only natural and I don't suppose we raised too much objections to it at that particular time that because of the fact that they were senior members, four or five -- because as I recall it when I came into the House there was only -- or prior to my coming into the House, there was only 5 or 6 of the men opposite that are here today. And so they wanted to take care of certain senior members of their government and other Q. C's and so this amendment was made; which seems to me they were playing politics first and placing the welfare of the Q. C's ahead of the welfare of the people. And I think this is wrong. It's not only costly but it's bad practice to place the welfare of the conservative party ahead of the welfare of the people.

Madam Speaker, we hear you praying on our behalf every day and I'm certain that in about three places in these prayers there is concern for the welfare of the people and that's what I think that we are here for and I'm disturbed to see the government place the welfare of the Q. C's ahead of the welfare of the people.

Now at about the next session that I attended, we had an increase in indemnities. As a matter of fact I think we've had two or three increases in indemnities - that's what I call them, rather than a salary - and I have always maintained, and I still maintain, that considering the

(MR. SHOEMAKER cont'd):average wage in this province, and particularly the average net income of the average farmer, if you consider those were overpaid, there's no question about that.

And then of course it has been quite evident to just everybody I think in the Province of Manitoba, that there has been an enormous amount of boards and commissions established in the last eight years. An enormous amount. I saw an editorial some time ago, I think it said "When in doubt appoint a Commission," and they were referring to this government. Now a commission, according to this editorial that I read was you appoint a commission when you don't know what to do or you haven't got the courage to face the issues at hand. But these boards and commissions cost a terrific amount of money, and quite frequently, quite frequently, when they report their reports are placed on a shelf to gather dust. Now I don't intend to cite any particular ones at this time because you could find a lot of them if you wanted to, but the COMEF report, I understand, that was handed down some three or four years ago, that cost the people three-quarters of a million dollars, it seems to me that we completely ignored a lot of the recommendations in that; or they still intend to continue to ignore them in light of the three different Annual Reports that have been brought in from the Manitoba Economic Consultative Board, the last of which was just tabled here the other day. It would seem from this report that they have completely ignored the COMEF report, otherwise things would not be nearly so bad as they are.

And incidentally, Madam Speaker, it seems odd that this report was only tabled when my honourable leader was about half way or three-quarters way through his speech the other day. I can't understand why it was not tabled prior to that, because it is dated March, 1966. I went up, I think it was the day before my honourable friend made his speech, to the Deputy Minister's office to see if I could get one of these reports, and they said they were sorry they expected them in but they have not come in yet. And I can understand that they wouldn't want my honourable leader to have this in his hands the day that he was making his speech, because I think that it would have been most useful for him to have it the day on which he made his contribution to the Budget Speech. In fact he could have read it all and I think it would have made a dandy speech in reply to the Budget Speech, because there is a lot of glaring examples here of what the government has failed to do. And as an example on page 7, it says "If Manitoba is to gain maximum benefit from this forward step at the Federal level, Manitoba will need dynamic ministerial leadership that comes to grips with the new dimensions of human development programs." Well what they're saying here is that for eight years they have failed to come to grips with a lot of the problems; even with this three-quarters of a million dollar, five pound COMEF report, they have failed to come to grips with a lot of the problems that Manitoba finds itself confronted with today.

Now if we made these statements - and we have made these statements over the last eight years - the government accuse us of carping and criticism with no alternative. But surely when the Manitoba Economic Consultative Board comes out and says about the same things as we have been saying for eight years, surely then there is some justification for us having said them. There must be some justification when the daily papers come out and say the same thing - and I know my honourable friends accuse me of reading clippings from papers to support my arguments from time to time, and I know they don't like a lot of them. Why don't they like them? Because they point up the failures of the government in so many, many fields. The Brandon Sun, which I picked up at the Brandon Fair the other day, the huge headlines in the front, "Manitoba Expansion is Lagging. Report calls for a bigger tax share", and goes on to say that "it seems likely that further encouragement from Manitoba Government to the farm population will be needed if necessary adjustments are to occur." Farther on down "it seems unlikely that an increase in provincial tax rates can be avoided," and so on and so on. They're pointing up the same things that we have been saying for a long time.

Now another example, Madam Speaker, and you certainly heard me speak about this on more than one occasion, is the special sessions that we have had since I was elected. I believe we have had four since 1958. Four special sessions. Now I know that some will argue that there is no such a thing as a special session, but when you have two sessions in a 12-month period, I call one of them a special session. You can call them whatever you like, but when you have two in any given 12 month period, to me, one was a special one. And as you well recall, Madam Speaker, two or three years ago when I was speaking on this subject matter I tried to point out that since Confederation that Manitoba had only had about eight special sessions, and four of those were in the last eight years, that is we had about four special sessions up to 1958,

(MR. SHOEMAKER cont'd)... but we have had about four since that time. And if you know your history, and I am sure you do a lot better than I do, there seemed to be real justification for some of the special sessions that we had prior to 1958 - and I don't intend to cite them all but one of them, they had a one day session in 1914 when the First World War was declared. They had one in 1950 on that Flood that the Honourable Member for Lakeside is accused of causing and failed to build the arc. And they had one when they extended hydro to the rural areas. There was real reason for having them.

Well, Madam Speaker you will recall the last special session that we had surely, because that was in August as -- either the Honourable Member for St. John's or the Honourable Member for Radisson referred to the "taxing" session of 1964. It was in August. You will remember that one because the express purpose of that session was to throw into gear legislation that would result in roughly \$22 million of new taxes to commence on January 1, 1965. And even in that day the Premier said that the calling of this special session was not his idea at all but Michener's. The Throne Speech of August, 1964, is so short, I am sure that there just isn't anyone in this House that can recall one that only took about 30 seconds to read. But it's pointed up in the Throne Speech that it was Michener's idea and not the Premier's, because he says, "My Ministers propose to place before you certain measures for the improvement of local government organization in finance in light of the recommendations of the Michener Royal Commission and of the Metro Review Commission. My Ministers will also place before you certain urgent bills dealing with business and credit practices, and then of course you will also be asked to make provision for the costs that are incident to that session." And that's the end of the Throne Speech. Of course there's the usual paragraph that "I pray that you may have the guidance of divine providence in your deliberations and decisions. Well we certainly needed them in that session, and we have needed them in the last eight years because of lack of proper administration.

Now these special sessions, if they didn't cost the taxpayer money wouldn't be so bad, wouldn't be so bad; but, Madam Speaker, you will recall, as I do, what that special session cost, because it lasted nine days as you will remember. It lasted nine days and I believe that they paid you \$400 a day, and they paid me half of that. And I know that you are worth more money here than I am. But when the Premier of this province -- and certainly every Cabinet Minister and in the next 30 days or 60 days of decisions, the 60 days of decision that lie ahead for the people of this province, I suppose that every Cabinet Minister and every backbencher will be going up and down the length and breadth of this province saying with crocodile tears in their eyes that they feel sorry for the farmers (they'll be saying this when they're speaking to a farm group) because the reports say that 44.2 percent of them earn less than \$1,200 a year net -- this is what Dr. Gilson and Dr. Menzies these people say too -- but when they get to know that they paid you as much in three days as these farmers earned in 365 days, -- I can't see any justification for it; or when they paid me as much in six days as they paid 44 percent of the farmers earned in 365; it's not right in my books. It's not right.

And when, -- I can go on and point up this, the plight of the farmer when this survey that is put out every year by my honourable friend the Minister of Agriculture, when he points out that even with a farm with a capital of \$51,000 and allowing five percent for the farmers investment, his average labour earnings were \$1,800, or \$6.60 a day for a 10-hour day, which works out to 66¢ an hour. This is not my propaganda; this is material that I refer to as the "green" propaganda sheets, because it's put out by the government pointing up the plight of the farmer. Here is a farmer with 692 acres of land, \$51,000 invested, and allowing five percent for his investment, ends up at the end of a year with 66¢ an hour. And we are paid \$1,800 -- my honourable friend too -- \$1,800 for nine days at a special session, or \$200 a day. Here is a farmer or 44 percent of them that don't earn that in 365 days. Now there is no justification for that at all. None at all.

Now there are many other instances of waste of public funds Madam Speaker, and one of them was that famous pension bill last year. And I want to thank my honourable friend the Deputy Speaker, the Member for Winnipeg Centre, for having supported us in opposing the pension bill. I want to thank him for us. But here's another concrete example of what we consider to be government waste - government waste. Because if we had not been here, if we had not been here, do you really believe that the government would have talked themselves out of paying themselves a pension? I don't think so. I don't think so. Unless my honourable friend the Deputy Speaker could talk the rest of the government out of it - and I haven't got quite that much confidence in him although I know of his ability. And so, Madam Speaker, it makes me a

(MR. SHOEMAKER cont'd)... little bit provoked to see newspaper articles that suggest - and no doubt we will be seeing a lot more of them in the future - that the government would be a lot better off if they had 57 members opposite. I don't know where they would put them. They would put them all around here I guess. But they said at that famous convention that was held down in the Marlborough there - next time let's get all Manitoba out of the red - get the whole thing and make it all blue - 57 blue seats - blue. They'd be right in the blue chips then wouldn't they? Well, Madam Speaker, I think this is irresponsible and does not speak well of the government.

Now, the other striking example of waste of funds I think is one that is still being debated and still on the Order Paper, and that is the method of handling the school tax rebate. I know my honourable friend the Minister of Public Works thought I was going to mention the signs. I haven't got around to that yet. But certainly, and I don't propose to talk about the principle of the school tax rebate, but the method of paying it back -- if there's anything wrong with the principle, and I have some doubts about it, there's certainly something wrong with the method of paying it back -- because when it costs a half a million dollars more to pay it back just for political purposes then this is something that should be stopped. I have yet to find a single solitary person in Manitoba but that would not like to have it paid back at the municipal office when he pays his taxes. And yet it costs a half a million dollars more to do it the other way; but they like to do it the other way because it's politics first and the business of the people second.

Now my Honourable Leader said the other day that it looked as if what the government would like to do would be to have the people vote now and pay later and it seems to me that this is exactly what they would like us to do. Just everybody knows that has read a paper, and everybody knows that has read the budget speech, and everybody knows that has read this propaganda sheet that was sent out on March 25 that I picked up last weekend when I picked my mail up, they know that the budget is \$298 million -- the budget of '66-'67. And if you read on down this page you will get to know that the way that they have balanced the budget is because of the fact that they had a surplus last year of \$22 million. They say that right in this little message here. They say that it is a balanced budget. No new taxes. Well where did they get the \$22 million from? In that special session that we talked about - that's exactly the amount they proposed to raise. Apparently it met with their expectations. It's a \$22 million that was raised last year after the full force of the legislation; but they brought it into this year's revenues and as such they were able to balance the budget - they were able to balance the budget.

But what do you do next year when you haven't got a \$22 million surplus? What do you do then? What do you do when the well runs dry? You slap on more taxes. You dig another well. You slap on more taxes and you call another special session and you pay us two or three hundred dollars a day to slap on some more taxes. Now, if you can show me any year in the last 50 that they dropped the budget by \$22 million or if someone will get up and say well we don't expect our revenues will be any more next year but I'll tell you what we're going to do fellows, instead of having a \$298 million budget, we'll have a \$276 million, well then we won't need more taxes. But we're going to have to have more taxes next year if the budget is the same. There's no question about that; there's no question about it. Because I don't think there's anybody left in Manitoba after about four or five provincial elections and an equal number of federal elections in the last seven or eight years but that doesn't know now where the money comes from. They know real well where the money comes from and it's from the people of Manitoba.

Now when it comes to taxing articles, this government are experts at that; there is no doubt about that. You will recall at that special session that we taxed - I don't want to include myself in this one because we voted against it - but the government slapped on these \$22 million of new taxes, and certainly we were not the only ones that were unhappy with it. There were a lot of people that attended that conservative convention that I refer to so often that were not not happy -- not happy at all with it -- (Interjection) -- Was I there? I wasn't there but I read some of the newspaper stories following that that suggested that some of the people present were not happy. Some of them said they were not happy with that fuel tax and an article that was headed, "the fuel tax heats up the critics" and you will recall that one. I would be delighted to read it to you again if you encourage me. My honourable friend the Attorney-General denies that he was even at the convention and he said he didn't say it at all, but he said there's no special reason at all, that they just needed a certain number of dollars and it was a matter of selection - just selecting a bunch of commodities that would result in

(MR. SHOEMAKER cont'd).... bringing in \$22 million. They knew they needed \$22 million but they weren't just sure what items they were going to select. They finally settled on them and heat tax was one of them.

And so, Madam Speaker, while the government can go up and down the province in the next two or three months saying listen fellows we have no new taxes; we had new taxes last year - \$22 million of them; we'll have \$22 million or more next year, but we have none this year. And that reminds me of the old song you know of "yes we have no bananas." We had plenty of them yesterday and we'll have a new stock in tomorrow, but today we're clear out. This being an election year there'll be no new taxes this year. Well I'm not so sure that the public are going to buy that kind of a gimmick - I'm not quite so sure. But anyway, I intend to tell some of the people in the province about the taxes we put on, or the government put on in '64 and '65 and warn them about some that will likely be put on in '67-'68 if my honourable friends get back where they are.

Now, Madam Speaker, I hope that I have said enough along with the honourable member to provoke the government members or someone opposite to get up in rebuttal. My honourable friend, the Member for Radisson, he tried to incite some energy in my honourable friends opposite and some enthusiasm and to spark them into saying something and he apparently was unable to do so, but in the thirty minutes that is left remaining, surely, surely someone will get up and - opposite and defend themselves. Promise - (Interjection) - I just heard an interjection over there. He says what. I want him to get up and assure us and assure the people of Manitoba that there will be no new taxes this year, there will be no new taxes next year - of course they may not be over there to carry on the government - but there will be no new taxes. There'll be a reduction in taxes. We're sick and tired of paying taxes and receiving poor value for our money.

MR. JOHNSON: Madam Chairman, I had not intended to get into this debate, but I'm going to throw the books and the notes aside and the dollar bills because after listening to the Honourable Member from Gladstone it took me back to those days in Gimli when we used to take the road to Riverton on those undeveloped roads when we used to pray to providence that a man would come out of the political wilderness and lead this province to new heights in education, that would recognize the fact that kids needed rooms to sit in and desks to sit at and textbooks to read; that there had to be some priming of the pump or rural Manitoba would have just disappeared off the face of the earth. If not with the lack of drains when the water would have flooded us out, the lack of roads - the only reason we couldn't get out at times was there were no roads to get on to get out. And the Honourable Member for Neepawa I remember those - him sitting there saying, if the taxes go up again. I remember my taxes in the main drag in Gimli in '58 and I know what they are today and I remember Madam Speaker, on this budget debate when he - the Member for Neepawa stands here and we heard pretty good speeches until he got up, with all respect. When he got up in this House and said, he accused us of - the Member for Winnipeg Centre, of pointing out to the opposition that they voted for some of these things. You're darn tootin' they voted for some of these things. They voted for the -- (Interjection) -- well, I don't want you to deny what I'm going to say. Three days after I remember coming in as Minister of Health, I had Winnipeg General Hospital visit me and say we got a \$5 million wing but no kitchen. I remember in my innocence in those days not really in full grasp of the situation to date in that department being chastized at the special session by a former member of the House - why haven't you got those 100 beds operative at the General? Because there were no kitchen facilities I was told. It cost \$3.8 million to put on the service wing to service the beds of the \$5 million addition. It took \$4 1/2 million to build that wonderful Rehabilitation Hospital. It's going to take other millions, and has, to develop the new Grace Complex.

What about the Nursing Homes? Do you remember when the municipal men in '57 and '58 used to come in and have to find a suitable home for the old people in their municipality somewhere in Winnipeg? With providence they did or could. And who took charge of this and tried through welfare and health measures to upgrade these homes to decent accommodation to try and work in partnership with the voluntary organizations and individuals to create a minimum standard of services to our people? A great deal remains to be done and we all know it in this House, but I would suggest to the Honourable Member from Neepawa that he remember some of these things; that he voted for that Social Allowances Act. I remember that he did. And all these are good things.

(MR: JOHNSON cont'd)..

He also voted for the abolition of liens that used to be put on mothers who raised their children till 18 and then the old liens were slapped on. Do you remember that, those old days? Well those days are gone. He voted for them. That's the money you're voting in those estimates today.

I remember those standards. I remember the roads. I remember the floods. I remember the schools. I remember the instruction. And I know this, that in seven short years this government has done more for education than was done in the previous 50. I know that. I know that curriculum development is going forward at a rate now that takes our breath away, that makes us a little uncertain of how far and how fast we can go. But what are we catching up with? We're catching up with 40 years of no curriculum development; none whatsoever.

What did the Leader of the Opposition say in the Speech from the Throne, Madam Speaker, bearing on the budget. He claimed that we hadn't done enough in vocational education. The figures quoted here today to the end of March '65 don't take into account projects that are under-way, three large institutions well planned, etcetera. But I submit, Madam Speaker, you can't name me a province in Canada, or members of this House of the Opposition that had the job to do in upgrading the elementary and secondary schools. Manitobans in the public school system alone have poured in \$80 million in 6 1/2, 7 years, which is the total value of all the buildings of the public school system in the annual report of '58 - 78 million was the total worth of public schools in Manitoba in '58. What province had this job to do and at the same time, said the Leader of the Opposition, you should have been building vocational schools? And then he ended his remarks by saying - "but, Madam Speaker, where's the money coming from?" Precisely, precisely you can't have it both ways, Madam Speaker. The facts are on the table. The schools are there; 85 percent more kids are in high school. We are on the right road. We have some blueprints. We're opening up the Act this year to put the grease behind the matter of organizing and regionalizing this province for vocational technical school development.

And I know the honourable members will endorse this; and I know that if we all had the - in this House - had the hindsight, certainly even this government would have done certain things probably a little differently. But we're politicians. We practice the art of the possible, and this government in that sense carried out - but you carried out the - tried to - didn't even try to do what was possible in your time.

Madam Speaker, I remember those days. I remember the criticism and the snickering and voluntary crop insurance in parts of this province. I know too that in - the talk about taxation, overtaxation. It seems to me that the NDP in Saskatchewan left the Grits with a pretty handsome surplus to carry forward and then a five percent sales tax. (Interjection) A five percent sales tax.

This government, Madam Speaker, I think has in my time in the association with my colleagues on this side of the House, I know that we have done our best within the resources of our people to develop this province. Certainly we're not perfect. Certainly in my - I know in the fields of health, welfare and education, a tremendous amount has to be done. I'm impressed with those who address this House to this task. I say to the people in the NDP Party that those measures which they believe in, they pursue with vigor, and many of these are good ideas, many of these are within the possibilities of government. We're all interested in those humanitarian pursuits that will look after the primary resources, assist our people. But, Madam Speaker, when the Honourable Member from Neepawa rose, when he challenged this government to raise taxes further, when he ignores the very things that are sitting in front of him which he helped, and I will say voted for many of them, I think they have to bear this responsibility of supporting that. They can't have both sides of the coin at the same time.

I would say that the school tax rebate, if he consults with his Honourable Member from Emerson whom I gave a return for in five or six divisions across Manitoba, he will see what the school grants have done to equalize educational opportunities at the secondary level across the province. I filed this return on the table here. Add to that the school tax rebate and you'll see that a great percentage of the costs of education are paid for at the local level when you apply the school tax rebate. In the case of Winnipeg, the Honourable Member from St. John's in his address mentioned in 1966 we're paying 19.82 percent of costs. If you add the 2.6 million school tax rebate which is given in the Metropolitan area, it raises that figure to 31.89 something we pointed out to the board in our discussions with them. It is an instrument chosen by the government to effectively assist the people with the burden of school tax costs. I note that the Premier in his address has pointed out awaiting the tax structure... tax structure which

(MR. JOHNSON cont'd)... hopefully will come from the Carter Commission, that further steps will be taken in the field of education where an exciting revolution is taking place.

Madam Speaker, I'm not the financial critic or expert on this side of the House, but I have been across this province from Emerson to Churchill. I've noticed the roads, I've seen the schools, I've had the pleasure as a Minister now for eight years of participating in the excitement and also as a member of this House of seeing a new era come to the Province of Manitoba. I think there is hope in the hearts of Manitobans, and I know that working together with the people this government will continue to pursue its course in bringing more benefits in the future. Thank you very kindly.

..... continued on next page

MR. STEINKOPF: Madam Speaker, I hadn't intended getting in on the debate --(Interjection)-- Well, I don't think I can be as good as the previous speakers, no matter what side of the House they are on. But after listening to the statements that have been so recklessly thrown about the House in matters of budgetary economics and particularly members of the Liberal Party, how they would like to turn the clock back and do our financing in the very elementary way that it was done under the old days of the horse and buggy Campbell government, it makes one who has a keen interest in the affairs of the finances and the good name of the province and the good credit of the Province of Manitoba just a little leery as to what would happen if the honourable gentlemen across the way ever got back into power and has the opportunity of directing the finances of the Province of Manitoba. --(Interjection)--

I recall in the first few sessions that I was in the House the Honourable Leader of the Opposition would take it upon himself to give me advice, and I appreciated much of the advice. In the first session or two the finger looked awful big over here but as the sessions go on the finger gets a little smaller all the time and the advice I'm wondering whether I would care to take it if it was my own business and affairs. But I've listened to so much about the way that the Premier has misled this province in talking about our debt that I have taken a little time to do a little research on it, and as anyone knows, two men can always read into a financial statement almost anything they want, and if it wasn't thus why we would all be in the same businesses making the same profits at the same time. But it is the man who can read into a financial statement the underlying opportunity, the opportunity to make just a little bit more money by taking a little bit more risk; but as long as he's prepared to couple that with a little bit of good horse sense and hard work, he can accomplish a little bit more than the man who will read into the statement every depression figure that comes up in his mind.

Take the statement of The Canada Tax Foundation of 1965 which has been frequently referred to in this debate, and we've been told that this is prepared by independent lawyers and tax men and accountants and therefore we should give it considerable amount of credence and authority, and I do so; but I would like to refer to part of the foreward in the May 1965 issue which stated - and part of this was quoted, not all of it - "as part of the move towards co-operative federalism about which so much is heard these days it may not be too much to hope that eventually all levels of government in Canada will adopt a standardized method of accounting. This would do much to advance the citizens' undertaking of the effect of government activities on the economy." The quote that was given was stopped there, leaving the inference and the innuendo that the Province of Manitoba's accounting wasn't such as to fit in with that of the other provinces of Canada and therefore was not a good thing. But the quote goes on to say: "It is not that any one method is right and the others wrong or misleading. It is rather that the differences cause confusion when a citizen tries to compare the performance of one province with that of another."

I am sure that the House will be interested to know, too, that this report, the final report here was prepared through the joint efforts of Donald Beech, Marion H. Bryden and Mary Gurney of the Foundation staff, so this report is in effect a report of three individuals who may or may not be the lawyers or the accountants or the experts we were led to believe, but there's no denying that the report has some very actual and interesting figures on it. Table 14, on Page 27, indicates the direct and indirect debt by provinces. The Province of Manitoba with a direct debt -- and these figures are as at March 31, 1963, which incidentally, are the latest that I've been able to find by The Canadian Tax Foundation, although those quoted by others apparently were for the year ending March 31, 1964. The '63 figures show that the Manitoba direct tax was \$361 per head debt, and the total of the direct debt was the equivalent of \$343 million; whereas the indirect was a total of \$257 million, making a total of a direct and indirect debt of \$600 million, and our indirect per capita was \$271.00. Now this, on the direct side, of course is very favourable, but on the indirect side is not quite as favourable but isn't anywhere near as harsh as we are led to believe if one were to take a look at what that indirect debt was for. The indirect debt, by comparison, at \$271.00 per person for Manitoba and \$794.00 for B. C. were the two highest per capita, but it is interesting to know that Alberta, with a direct debt of only \$35.9 million, has an indirect debt of \$300 million, and there is a province that has been rich in cash for every year since oil was found in Alberta - and it goes back to around the mid forties - and the Province of Alberta has found it wiser to finance indirectly than it has by using its own cash reserves. So therefore, the two provinces, Alberta and B. C., with the largest ratio of indirect debt to direct debt, also have, oddly enough, the lowest interest rates. Alberta had (it's shown here) an interest rate of 2.82 percent and B. C. 3.42 percent. There wasn't a

(MR. STEINKOPF, cont'd) . . . province anywhere in Canada that came below the four percent figure. Manitoba compared very favourably at 4.34 percent, and the value of financing indirect by guarantees had a value of saving the province millions of dollars in interest. The suggestion that this is unfair, that this method of bookkeeping intends to deceive the taxpayer. I think is pretty far-fetched, because for most of the indirect debt there are, on the other side, some very definite capital assets.

I can give you no better examples than in the statements of the Manitoba Telephones and the Manitoba Hydro. The total depreciated assets of those two utilities is \$628,822,989, and these are assets that are not just pipe dreams. Either one of these utilities could be turned into cash tomorrow. They would have a very ready sale on today's market. I would daresay that those assets probably have a market value in excess of a billion dollars today, and one of the quickest ways of removing the indirect tax would be the simple procedure of putting on the market those two utilities, and this great big tax load, this \$3,000 of an average family of five that we heard so much about, would overnight be wiped out without any effort whatsoever other than realizing on the assets that we have.

In the discussion, in the statements that are being made here, there has been no credit at all being given to the individual who had an equity rather than a liability. Anyone can pick up a financial statement of any company of any size, and I have in my hand here the latest statement of Trans Canada Pipe Line, which is somewhat akin to the utilities that we have, and with its mammoth debt - the long-term debt alone is \$391 million - which compares very favourably with either of the utilities that we have, instead of showing this as a liability of the shareholders, whether it is a direct liability is really of no concern of theirs because on the other side of the ledger, of course, they have the assets, and they are very quick here in the statement to show the equity that is in the hands of the shareholder.

I suggest maybe the same thing could be done in our statement. The total liability of the Province of Manitoba on the two utilities is an amount of approximately \$548 million. These are the direct guarantees of the Hydro and the Telephones, and therefore the indirect guarantees of the Province of Manitoba. The Province of Manitoba could get rid of those guarantees very simply too, if they wanted to. They just wouldn't have to guarantee them, and what would happen? The Telephones and the Hydro could go out into the market without the guarantees, and the only thing that would happen is that the interest rate would be up one or two or maybe three percent. They could get the money without the guarantee of the Province of Manitoba, and what would that do? Just to have a nice clear balance sheet we would put up the cost of our telephones and our hydros because we didn't have faith in the operation of these two utilities? Anyone who suggests that the Telephones or the Hydro are going to go bankrupt and that the province is going to be called on to make good those guarantees on the bonds and the debentures of these two utilities, just isn't living in 1966 and hasn't got a clue as to what is going on. It would be an impossibility for either one of those utilities to go bankrupt as it would be for the Province of Manitoba to go bankrupt, and these kind of headlines that the Opposition is trying to create at the expense of the good name of this province, I think they are doing themselves and the people of Manitoba a disservice. Anyone has to take a look at the telephone rates at cities of comparable size, of Ottawa, of Hamilton, or of Toronto, where the utility is not owned by the provincial jurisdiction, and they can see the advantages that have been built up for the people, for the taxpayers of Manitoba over the years.

We wonder why, when we sit on this side, someone doesn't question us why we spend this money at the time we spend it. Shouldn't the question be, do we need it, before we spend it, because every nickel that has been spent here by either of the utilities in a capital way, has been presented before this House, and has in the main been given approval. We have just had a very good example of this in the Nelson River development. All have expressed their support of this development, whether it be in the extent of \$300 million or a billion dollars, but we all know that some day that billion dollars will have to be paid, and if it is guaranteed - as most likely it will be - by the Province of Manitoba, that that will be added to the indirect debt of the Province of Manitoba and the taxpayers.

Now we have lots of time now to suggest how that financing should be done. Should the government of Manitoba not extend its signature, its guarantee, and create millions and millions of dollars extra for no reason on the taxpayer of Manitoba for withholding its guarantee in something that they think is in the best interests of the Province of Manitoba and the welfare of all of the people? I don't think so. I think once that the decision has been made to go ahead with an operation like the Nelson, the next thing is to see that we get good value for our money.

(MR. STEINKOPF cont'd)... And there has never been a suggestion, and when there has been a suggestion - and I venture to say it has been more for political gain than good common financial sense - when that has been said that we haven't got good value for the dollars that we have spent, then I think that it too is a disservice to the people of Manitoba.

We would probably have to wait, if the Opposition were in power, until this province had a billion dollars in the bank before they could go ahead with the Nelson River, and even at the rate that they were penny-pinching when they were in power, and making as much, as say, \$8 million a year, it would take 120 years before this province could go ahead with the Nelson River project.

Now these indirect debts are, I suggest, debts of a province that has to go ahead. The former government took pride in the fact that they didn't have any debt. Well it's quite simple. If you haven't got anything you haven't got any debts. It doesn't cost anything to have holes in the roads and to do nothing, and every dollar -- how much smarter, in my opinion, and as a private citizen in those days we used to urge them, you could see what was coming -- how much smarter it would have been to spend the money 10, 15, 20 years ago for some of these schools, for some of these roads. The same roads today cost two and three and four times as much as they would have then, and we could have been paying them back with guaranteed bonds at low rates of interest that were available in those days, with inflated dollars paying back deflated credits that we had in those days, and how much stronger the province would have been, but this government can only go so fast. It's true that the debt of the province, both the direct and the indirect debt of this province has increased, and increased substantially, but not any faster than the need for the various things that the debt has been increased for. Not any faster than the value. There is also a table in the Canada Tax Foundation showing the number of civil servants, and the cost of civil servants per individual in each province. Manitoba comes out very, very fairly on that table. There are any number of tables in the Tax Foundation report that the Opposition could have used that would have shown this province in a much better light, but no, they didn't do that. They took the one thing that they thought nobody was going to pay any attention to, and maybe the newspapers would pick up headlines and scare the people, and that the people wouldn't be able to sleep at night because the average family of five might wake up tomorrow and have to find a cheque for \$3,000-odd, and they haven't got that much money in the bank because some great big bogeyman here was creating a debt for them over which they had no say and no control. It just is so partial Madam Speaker, that it doesn't bear -- it isn't even worthwhile talking about, but apparently the discussion that has gone on here tonight, that if we don't get up and deny it, it's assumed that if you repeat the lie often enough, it's assumed then that the lie has to be a fact.

MR. MOLGAT: Madam Speaker, on a point of privilege, do I understand the honourable member to say it's a lie. Would he outline what lie he's talking about?

MR. STEINKOPF: I am referring to a generality, Madam Speaker, and I would be very happy to withdraw "a lie", but ...

MR. MOLGAT: Madam Speaker, on a point of order, I would like the Honourable Minister to point one item of fact that was wrong in my statement.

MR. STEINKOPF: Madam Speaker, the suggestion that Premier Roblin was deceiving the people of Manitoba, in my estimation of knowing the way the Premier operates, I think that that is a misstatement. You can call it as you will, I would be very happy to withdraw the statement of "a lie", but it isn't the kind of a summation that one might make knowing the facts, and having a background of it, I think all the references in the statement and the statements made by the Opposition that the Premier did, in his Budget Speech, in effect deceive the people of Manitoba, is very, very far from the actual facts and the truth. There wasn't a statement in that Budget that wasn't factual. Madam Speaker, it's one minute to ten. I...

MR. CAMPBELL: . . . the honourable gentleman who has just taken his seat, a question. Madam Speaker, I'd like to ask my honourable friend a question that has three parts to it. (1) Is my honourable friend aware when he's talking about what could have been saved by doing some of the public works in the days when the predecessor government was in office that the present Premier of this province was advocating that we take \$1 million off of the amount that we were voting in a particular year for roads? I'd like to ask the honourable gentleman also, did he make the statement that the former government had no debt at the time that this government came into office? And the third part of the question, did the honourable gentleman suggest that someone indicated that the Hydro or the Telephone, or both of them, were likely to go broke;

(MR. CAMPBELL cont'd)... and if he did does he know who that is, that person was? Does he know it was the present First Minister of the Province?

MADAM SPEAKER: Ten o'clock. The Honourable the Member for Rhineland.

MR. FROESE: Madam Speaker, I beg to move, seconded by the Honourable Member for Fisher that debate be adjourned.

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

MR. EVANS: Madam Speaker, I beg to move, seconded by the Honourable Minister of Mines and Natural Resources the House do now adjourn.

MADAM SPEAKER presented the motion and after a voice vote declared the motion carried and the House adjourned until 2:30 o'clock Tuesday afternoon.