

## THE LEGISLATIVE ASSEMBLY OF MANITOBA

2:30 o'clock, Monday, May 15, 1972

Opening Prayer by Mr. Speaker.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed I should like to direct the attention of the honourable members to the gallery where we have 55 students, Grade 11 standing of the St. Johns High School. These students are under the direction of Mr. Margolis. This school is located in the constituency of the Honourable Member for Inkster.

We have 8 students of Grade 9 standing of the Sansome Junior High School under the direction of Miss Jill Callan. This school is located in the constituency of the Honourable Member for Assiniboia.

We also have 40 students of Grade 12 standing of the St. Patrick's School of Thunder Bay, Ontario. These students are under the direction of Sister Wilma.

And we have 56 students of Grades 10, 11 and 12 standing of the Red Lake High School. These students are under the direction of Mr. Symondson.

On behalf of all the Honourable Members I welcome you here today.

Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees. The Honourable Member for Fort Rouge.

REPORTS BY STANDING COMMITTEES

MRS. INEZ TRUEMAN (Fort Rouge): Mr. Speaker, I beg to present the First Report of the Standing Committee on Public Accounts.

MR. CLERK: Your Standing Committee on Public Accounts beg leave to present the following as their First Report:

Your Committee met on Monday, April 17, 1972, for organization and appointed Mrs. Trueman, as Chairman. Your Committee agreed that for the remainder of the session the Quorum of this Committee shall consist of ten (10) members.

Your Committee also met on Monday, April 24, 1972, and Monday, May 15, 1972.

Your Committee has examined the Public Accounts of the Province for the fiscal year which ended the 31st day of March, 1971, as published and finds that the receipts and expenditures of the monies have been carefully set forth and all monies properly accounted for.

Your Committee received, or has been assured that it will receive, all information desired by any member from the Minister, Heads of Departments and members of the Provincial Auditor's staff with respect to receipts, expenditures and other matters pertaining to the business of the Province. The fullest opportunity was accorded to all members of the Committee to examine vouchers or any documents called for and no restriction was placed upon the line of examination.

All of which is respectfully submitted.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MRS. TRUEMAN: Mr. Speaker, I move, seconded by the Honourable Member for Morris, that the Report of the Committee be received.

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

MR. SPEAKER: Ministerial Statements; Tabling of Reports. The Honourable Minister of Public Works.

ADDRESS FOR PAPERS

HON. RUSSELL DOERN (Minister of Public Works) (Elmwood): Mr. Speaker, I would like to table a Return to an Address for Papers No. 3 on motion from the Honourable Member for Minnedosa.

MR. SPEAKER: Any other ministerial statements? The Honourable Minister of Industry and Commerce.

HON. LEONARD S. EVANS (Minister of Industry and Commerce) (Brandon East): Mr. Speaker, I'd like to table the Annual Report for the year 71/72 of the Manitoba Mineral Resources Limited.

MR. SPEAKER: Notices of motion; Introduction of Bills.

INTRODUCTION OF BILLS

MR. EVANS introduced Bill No. 53, an Act to amend The Mines Act. (Second reading Wednesday next.)

MR. SPEAKER: The Honourable Minister of Agriculture.

HON. SAMUAL USKIW (Minister of Agriculture) (Lac du Bonnet) introduced Bill No. 54, an Act to amend The Farm Machinery and Equipment Act.

MR. SPEAKER: The Honourable Minister of Finance.

HON. SAUL CHERNIACK, Q.C. (Minister of Finance) (St. Johns): Mr. Speaker, I wonder if I could have consent of the House to introduce two bills which I neglected to get on the Order Paper for first reading. Would that be acceptable?

MR. WARNER H. JORGENSON (Morris): That's quite agreeable with us, Mr. Speaker.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK introduced Bill No. 55, an Act to amend The Income Tax Act (Manitoba) (2). (Recommended to the House by His Honour the Lieutenant-Governor.)

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: The second Bill, Mr. Speaker.

MR. CHERNIACK introduced Bill No. 59, The Mineral Acreage Tax Act. (Recommended to the House by His Honour the Lieutenant-Governor.)

MR. SPEAKER: Oral questions.

ORAL QUESTION PERIOD

MR. SPEAKER: The Honourable Member for Riel.

MR. DONALD W. CRAIK (Riel): Mr. Speaker, I'd like to direct a question to the Minister of Industry and Commerce. In view of today's announcement by the Federal Government re the location of the Mint in Winnipeg can the Minister indicate whether there are any other subsidiary industries or related industries that are going to be developed through the provincial department or in association with the provincial department to go with the Mint in that area?

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

MR. EVANS: Mr. Speaker, I'm not in that position.

MR. SPEAKER: Orders of the Day. The Honourable Minister of Labour.

HON. RUSSELL PAULLEY (Minister of Labour) (Transcona): I wonder - oh, I guess there's a - no, a written question that's taken for granted. Would you kindly call Bill No. 16, Mr. Speaker?

MR. SPEAKER: The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, if we're going on to bills I have another question I wanted to direct to the House Leader or the First Minister. Would they consider the House closing early tonight so that all members of the House might have an advantage to listen in on the debates regarding Churchill River and Nelson River a political, non-partisan contribution at the International Inn?

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, I don't think the question really needs an answer because I noted with a degree of interest that my honourable friend the Member for Riel was smiling widely. If he wants to absent himself to hear a non-political political discussion he has my permission so to do.

MR. CRAIK: Mr. Speaker, I might direct a question then to the House Leader, that I could be in the House if he would give the undertaking that the same parties or individuals would be able to appear formally at the Public Utilities meeting Thursday or after.

MR. PAULLEY: Mr. Speaker, my answer to my honourable friend as he well knows the House Leader does not dictate to the committees as to how they should operate.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MRS. TRUEMAN: Mr. Speaker, I have a question for the Honourable Minister of Health and Social Development. Is the laboratory at the Mount Carmel Clinic supervised by a laboratory physician?

MR. SPEAKER: The Honourable Minister of Health.

HON. RENE E. TOUPIN (Minister of Health and Social Development) (Springfield): I'll take the question as notice.

MRS. TRUEMAN: A supplementary question, Mr. Speaker. Would the Minister then

(MRS. TRUEMAN cont'd.) . . . . also find out for the House when last the lab was inspected by the College of Physicians and Surgeons to determine whether appropriate standards were being maintained.

MR. TOUPIN: Mr. Speaker, this is a question that can be answered by the College of Surgeons and Physicians and not by the Minister of Health and Social Development.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, my question is to the Minister of Labour. I understand that the Federal Government has agreed to participate in the pilot project on the guaranteed income to the tune of 75 percent. I wonder if the Minister can explain to the House has this been finalized and what large a group will be involved in this project.

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: I'm sorry, I cannot answer my honourable friend. He may have more direct communications with Ottawa. I did understand there was some news reports in connection with this. Mr. Speaker, I haven't received any detailed information on the program.

MR. PATRICK: I understand the Minister says he had no communication from the Federal Government. Is the government proceeding on its own with respect to the pilot project on guaranteed income?

MR. PAULLEY: That would be government policy, Mr. Speaker, that would be announced in due course in any case.

MR. SPEAKER: The Honourable Member for Thompson.

MR. JOSEPH P. BOROWSKI (Thompson): Mr. Speaker, I have a question for the Minister of Health and Social Development. In view of the fact that the Provincial Government does give money to the Mount Carmel Clinic will he take it upon himself to ascertain whether the laboratory is run within our laws of this province?

MR. SPEAKER: The Honourable Minister of Health.

MR. TOUPIN: Mr. Speaker, there are laws within this province that all facilities and institutions have to follow including the Mount Carmel Clinic.

MR. BOROWSKI: A supplementary question, Mr. Speaker. In view of the fact that the Minister has now read the brief that was presented by Dr. Merry and the College of Physicians and Surgeons have indicated they may investigate the charges is he prepared . . . ?

MR. SPEAKER: Order, please. Order, please. Would the honourable member place his question?

MR. BOROWSKI: Yes. Is the Minister now prepared to take action regarding the charges made by Dr. Merry regarding the facilities at Mount Carmel Clinic?

MR. TOUPIN: Mr. Speaker, the brief that the Honourable Member for Thompson is referring to was presented to the City of Winnipeg and the City of Winnipeg hasn't called on myself or other members of this Cabinet to take action.

MR. BOROWSKI: A further question, Mr. Speaker. Is it government policy to investigate to see to it that all the groups that get money from the Provincial Government run in accordance with the laws of this province or do they simply give it to everybody . . .

MR. SPEAKER: Order, please. The Honourable Member for Fort Rouge.

MRS. TRUEMAN: Mr. Speaker, I have a question for the Honourable Minister of Health and Social Development. Would he undertake to learn for the members of the House whether the Mount Carmel Clinic operates its own drug dispensary and whether it is operated by a licensed pharmacist?

MR. SPEAKER: The Honourable Minister of Health.

MR. TOUPIN: Well, Mr. Speaker, there's two ways that this question can be dealt with. It can be dealt with directly by the Honourable Member as she well knows. She can ask the Mount Carmel Clinic. It can be dealt with during my estimates when we deal with grants of the Mount Carmel Clinic or I could take it as notice but I feel the two first methods are quite adequate.

MR. SPEAKER: The Honourable Member for Rupertsland.

MR. JEAN ALLARD (Rupertsland): I have a question for the Attorney-General. Has the Minister received complaints about a laundry and dry cleaning company about which I gave him notice on Friday?

MR. SPEAKER: The Honourable Attorney-General.

HON. A. H. MACKLING, Q.C. (Attorney-General) (St. James): I have some information about a complaint that the honourable member suggests is an ongoing concern in respect

(MR. MACKLING cont'd.) . . . . to a certain establishment, yes, and I will be giving particulars later.

MR. ALLARD: Well, Mr. Speaker, whilst accepting that there will be particulars later if I may ask a subsequent question. When did his department start receiving these complaints?

MR. MACKLING: I don't know, Mr. Speaker.

MR. ALLARD: Mr. Speaker, I would ask in the form of a question what the Minister is prepared to do about these matters and I presume he will be . . .

MR. MACKLING: I have indicated, Mr. Speaker, that the honourable member did give me notice and I have made an inquiry and I'll be giving answers to him shortly.

MR. SPEAKER: Orders of the Day. The Honourable Member for Brandon West.

MR. EDWARD MCGILL (Brandon West): Mr. Speaker, a question for the Honourable the Minister of Industry and Commerce. Has the Minister yet been able to determine whether the sale of five aircraft by Saunders Aircraft to a U.S. airline which he announced in January has been completed?

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

MR. EVANS: Yes, Mr. Speaker. I'm informed that the sale has not been completed but negotiations are still under way.

MR. SPEAKER: The Member for Birtle-Russell.

MR. HARRY E. GRAHAM (Birtle-Russell): Thank you, Mr. Speaker. My question is for the Minister of Colleges and Universities. In view of the fact that we now see some very pretty young girls escorting visitors around the building can the Minister indicate how many students have been placed in employment under the Student Placement Bureau?

MR. SPEAKER: The Honourable Minister of Colleges and Universities.

HON. SAUL A. MILLER (Minister of Colleges and Universities) (Seven Oaks): I wasn't fortunate to view the pretty girls that the honourable member mentions. I'm not aware whether they are students or not and I'm in no position at this time to give any figures as to how many students have been placed.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, I have a question for the Minister of Labour. Can the Minister tell us if there is any government policy as to rehiring employees who have been institutionalized as a result of mental illness?

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, as far as the Minister of Labour is concerned in that capacity and also as the Minister responsible for the Civil Service Commission my guidelines are that anyone who is capable of performing a function should be given employment.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: I have a question for the Honourable Minister of Health and Social Services. Is there any assistance offered to mental patients when they're released from hospital during their rehabilitation?

MR. SPEAKER: The Honourable Minister of Health.

MR. TOUPIN: Yes, Mr. Speaker. I haven't got names; I haven't got statistics here on hand. There are statistics available. Some are being supplemented; some are being put on complete social allowance but there's no definite figure as far as the numbers are concerned.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Speaker, my question is for the Honourable the Minister of Colleges and University Affairs. With respect to student employment is it now government policy that all students employed by all departments of government have to be approved by the Director of Student Employment?

MR. SPEAKER: The Honourable Minister of Colleges and Universities.

MR. MILLER: No, Mr. Speaker. We try as much as possible to see that students being employed in government one way or another are handled through the Student Placement Office but certainly in rural Manitoba and northern Manitoba this isn't possible and so certain guidelines are established but within those guidelines the agencies involved will probably do their own hiring.

MR. MCGILL: A supplementary question, Mr. Speaker, is it possible then say for the Department of Highways in rural Manitoba to hire students without reference to the Director?

MR. SPEAKER: The Honourable Minister.

MR. MILLER: Mr. Speaker, yes it is possible. Eventually the departments are asked

(MR. MILLER cont'd.) . . . . to let us have the names of the people who were hired but there isn't the implication. The question is - would the Department of Highways for example or the Department of Agriculture or Health and Social Development, would they have to first clear with Winnipeg and the office here and the answer is no, they wouldn't have to clear with Winnipeg first.

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

MR. GORDON W. BEARD (Churchill): I'd like to direct a question to the Honourable Minister of Colleges and Universities. Is it correct that the Pension Fund for the staff for the University of Manitoba has been overdrawn?

MR. SPEAKER: The Honourable Minister of Colleges and Universities.

MR. MILLER: Mr. Speaker, I have to take that question as notice.

MR. BEARD: Well then would he consider finding out if the lack of funds are due to the government or the university not putting in their 5 percent contributions.

MR. MILLER: In course of finding out information on the first question, it's obvious that I'll have to look at the second question.

MR. BEARD: He's looking first and second question, I wonder if he would look at one subsequent question then. Find out if it's correct that the original contract with the insurance company has unfair clauses covering the withdrawal of funds.

MR. SPEAKER: The Honourable Minister.

MR. MILLER: Mr. Speaker, the Pension Fund for the University of Manitoba is a University of Manitoba Pension Fund, it's in no way tied into the Provincial Pension Fund, either the Teachers' Retirement Fund which is provincially operated or the Civil Service Super-annuation Fund, it's an entirely independent contract between the staff and the University. I'll try to get information but I can't give the details nor am I able to say whether I'll be able to give all the details.

MR. SPEAKER: The Honourable Member for Swan River.

MR. JAMES H. BILTON (Swan River): Mr. Speaker, I have a question for the Honourable the Attorney-General. I wonder if the Minister has received any representation from any people in Benito to prevent the rodeo being held there in June.

MR. SPEAKER: The Honourable Attorney-General.

MR. MACKLING: I didn't hear the place that the honourable member mentioned.

MR. BILTON: Benito.

MR. SPEAKER: Benito.

MR. MACKLING: No, Mr. Speaker, I haven't heard of any representations against rodeos in Benito or Morris or Calgary.

MR. BILTON: A supplementary question, Mr. Speaker. This rodeo, an amateur affair, has been responsible for the death and injury of young people. I understand representation . . .

MR. SPEAKER: Order please. That was a statement not a question, I'm sure the honourable gentleman knows that. The Honourable Member for Charleswood.

MR. ARTHUR MOUG (Charleswood): Mr. Speaker, I'd like to direct a question to the Minister of Finance. Is garment hangers and poly bags used in the dry cleaning industry subject to revenue sales tax?

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I thank the honourable member for giving me notice of the question. The department's ruling is, that - interpretation rather is - that hangers and the bags in which the dry cleaned clothing is delivered are considered to be items purchased for resale, which means that the cleaner buys it tax-free using his licence and then in charging for the finished product, the sales tax is then charged on the total price.

MR. SPEAKER: The Honourable Member for Swan River.

MR. BILTON: Mr. Speaker, a question to the Honourable the Attorney-General. If he received complaints from people in Benito with regard to rodeo would he act under the Prevention of Cruelty . . .

MR. SPEAKER: Order please. The question is hypothetical. The Honourable Minister of Labour.

MR. PAULLEY: . . . now to ask you to call Bill No. 16.

GOVERNMENT BILLS

MR. SPEAKER: Very well. Proposed motion of the Honourable Minister of Finance. The Honourable Member for Rhineland. Bill No. 16.

MR. JACOB M. FROESE (Rhineland): Mr. Chairman, the contents of the Bill 16 which is an Act to authorize the expenditure of monies for capital purposes and authorizing the borrowing of the same has been discussed in a resolution before this House, - and I don't want to necessarily repeat what I've said before but I felt that I should have the time to peruse the bill and read it, study it in order to know a full content of the bill itself.

Mr. Speaker, Bill 16 provides for expenditure of \$393 million of capital. On the grounds that the government needs that much money for the public sector certainly this must mean that our economy must be in very poor condition. Why else would they propose spending such a large amount of money? And perhaps when the Minister gets to speak and closing debate on the bill on second reading, I wonder if he could also give us some projections for future years because for the last couple of years we've had increasing amounts asked for and I just wonder what the future holds. Naturally this government has a Planning Commission, a Planning Committee, and surely enough they must have some projections of what they intend to do in the future years. Because at the rate that we are going, Mr. Speaker, I feel that we will be in perpetual debt as far as this province is concerned. And certainly the economy must be in poor shape if we have to put in that much money in the way of capital from the public sector to prop it up - and Mr. Speaker, that's exactly what we're doing. We are propping up the economy of this province.

When we take a look back at what happened back in the thirties, both here in Canada and in the United States what took place and what has taken place since, I think we should take a brief look at some of the things that went on at that time. And in his book "Will Inflation Ruin Us", Mr. Thauberger, J. A. Thauberger, a book published by the New World Publishing Company at Regina, Saskatchewan and most likely my friends will want to hear from some one in Saskatchewan. He has a lot to say in connection with the hard times that the people experienced during the thirties. And if I may be permitted I would like to quote a couple of paragraphs from the particular book on Page 79, he goes on to say as following: "Is it strange that we should believe that we had overproduction when in 1929 the GNP, that is the Gross National Product was \$6 billion? There lived in Canada at that time a little over 10 million people. This meant we had to produce \$600 of goods for every man, woman and child. This dropped to \$340 by 1933 or \$1340 for a family of four, and they call this overproduction? We have now reached a GNP of close to 80 billion, this is a year ago or over, \$3794 per person or \$15,176 for a family of four. Converting this to 1930 dollars, this is \$5,025 or four and a half times as much as in 1933 and we still do not believe that we have overproduction." But then he also, the writer also lists some of the happenings of the day at that time; and those were the severe times when purchasing power was almost nil and the economy was really in a very poor state. He speaks of some examples here of the happenings that took place and I would like to read a few paragraphs, a few more paragraphs on this. And he quotes on Page 80: "It seems that the politicians were not the only ones who believe that we had overproduction. Indications are that there must have been a goodly number of economists because governments usually have their economic advisers to suggest cures needed to solve economic problems. It is hard to believe that the governments of the day took this next step without the go-ahead sign from their economic advisers. If however they did, there certainly was no outcry from the economist condemning this action. And I speak of the twofold action to solve what they called the overproduction problem: 1 - to restrict production and; 2 - to destroy the production already on hand. This will go down in history as a black mark against western civilization for all time. The following examples of destructions are taken from the records of the time," namely, and I'm quoting here; "Pigs were destroyed in Holland, 100,000. This was on the 13th of the first, 1932. America destroyed 2 million pigs, and in addition to that U.S.A. destroyed 2 million sows and 4 million little pigs. This took place in 1933. Cattle in Denmark incinerated, 25,000 cattle. Cotton, every third row ploughed under in the U.S.A. new democracy October 1933." These are just some of the happenings that took place at that time because there was no money available, goods could not be exchanged and the result the people felt and thought this was overproduction. But actually it wasn't overproduction at all; this did not only take place in Canada, it took place in the United States, it took place in Australia and in many other countries. It says here under wheat, that farmers were fined in France for increasing acreage. The

(MR. FROESE cont'd.) . . . . Argentina and the U.S.A. worried about too much bread in 1936.

MR. SPEAKER: I wonder if the honourable member would try to approach the question before us. I allow a certain amount of latitude but I do think he's straying far afield from Manitoba and from the authorizing of expenditure of money here.

MR. FROESE: Mr. Speaker, we're discussing the bill dealing with the borrowing and expenditures of \$393 million, and what is it for if it isn't to prop up the economy. This is exactly the principle of this bill, that we're trying to prop the economy of this province; that this government feels that there is a big slack and that they have to step in to boost the economy - and that's what this bill is supposed to do. This is why we have the tremendous expenditures that they are asking for. So because we have a budget of 575 million, the Estimates, but they certainly feel that this isn't enough and that we must be spending more so that people can earn more. Therefore I was just quoting what happened in the thirties, and sure enough the things that happened at that time can happen again. There's no reason why it can't happen again. But I'm going to read one last quotation, and I'm reading from the book "Will Inflation Ruin Us" by Mr. Thauberger from Saskatchewan. And he says: "While all this happened, while all these livestock were destroyed in the world during the thirties, that in 1934 while this destruction - restriction of food was going on, the League of Nations World Committee on Relief reported 2,400,000 starved to death and 1,200,000 people committed suicide. This was at a time when food products were being destroyed in tremendous amounts."

And what do we find in Manitoba? We're seeing that marketing boards are being established. What's the purpose of it? To limit production so that prices shall hold their pace. But, Mr. Speaker, I don't agree, I'm not in agreement with that principle. I feel that this is not a proper way of stepping up the economy; that we should be introducing purchasing power but not in the way proposed, because the monies that are being borrowed will be repaid over a very lengthy period of time. I mentioned this previously and honourable members of the government know this, that the debt of the Hydro and Telephone is retired at one percent a year so that means that for the next 100 years, people will be paying on the monies that are being authorized to be borrowed at this time. The Attorney-General asked, where to get the money. Well good thing you reminded me of it because the other day the Minister of Finance tried to leave the implication that I had said that when the Government of Canada through the Bank of Canada allocated large amounts of monies to other countries interest-free for 50 years and more, that I was not in favour of this because I mentioned that we as Canadians should have the same opportunity. Certainly, Mr. Speaker, I feel that other countries should be developed; I see no reason why we can't help them but certainly if we do that for other countries in the world, why can't we do the same thing for us, and for our people, because many of our people are not really that well off. Otherwise, why do we have the tremendous number of people on our welfare roles if we really were that well off.

The Attorney-General goes on to ask - will the bank do that for us? Well, have they asked them? So, I would like to hear the reply that they gave. - So then on the basis of that I could certainly make recommendations, and I feel that we should go after them and have the laws changed so that this could be done if it can't be done at the present time. Because there certainly is no reason if we can do one thing for people in other countries that we shouldn't be able to do the same thing for our country. We are proposing to spend money on universities and colleges again. By the time the monies will be retained to build those colleges we will not be paying for one university or college but for four or five of them because of the interest factor. And when I take a look at Schedule B it says Federal - Provincial Employment Loans Program, City of Winnipeg, \$2 million. This is actually a relief and the last time we capitalized for relief purposes was way back in the 30s. I just read a part of a report from that period of time and Public Accounts have shown this for these many years; that monies at that time were capitalized for this purpose and haven't been done so in the interval: now we're back to the same stage that we were back in the 30s, capitalizing authorizations for the purpose of relief. So that this shows the desperate situation that we are in.

The Attorney-General also in his question mentioned where's the money to come from, or why not use the Bank of Canada; and as far as the economic props, if it wasn't for the Cold War that the U.S. has fought in Vietnam and other places their economy would have collapsed long ago. --(Interjection)-- This is - well it's still considered a Cold War, and I rather suspect the matter of bringing China into the United Nations is for one reason, so that they can

(MR. FROESE cont'd.) . . . . come to one agreement, not to use nuclear weapons so that wars can be fought again. Because the economies of our countries, if we do not have some way in which we can produce goods that do not go into the normal trade channels, the earnings of which can go towards the consumer purchasing, we're in trouble. And what we have before us is a bill largely to prop up the economy. At the same time this means that we will be going severely into debt and I have already spoken on that aspect of it before. I certainly don't subscribe to it and I feel that this government certainly is subscribing to an antiquated bankrupt system if they still subscribe to what we have today, and that interest is mounting at a very grave pace. I think I mentioned that the other day that in 1939 the federal debt was 3 billion, 3.7 billion and by 1968 the debt was 38 billion. That's the Federal Government. The others, the provincial are listed as well but this is what is happening under our system in this country, and unless the system is changed it will not improve and things will just be getting worse. This is not to mean that I am just here to spread gloom; not at all. I believe that with man's ingenuity if it was applied in the right place, in the right direction that we could rid ourselves of this national debt; of this interest factor which is a great burden, not only a burden, it also adds to the inflation in our country - and surely enough this could be improved on and much of the burden could be eliminated.

Mr. Speaker, I could dwell on other matters. Certainly the Bill will provide money for our universities which are private institutions and therefore the principle of aid to private schools could be brought in, because what difference is there between providing assistance to the universities which are privately run than to bring provide assistance to our private schools. Certainly the principle is embodied in this particular bill and that when members will vote for it they naturally vote for that principle, and I don't object to it, but I am sure that some of the members on the other side might think differently. I had made some notations on this bill. I noted for instance that there's a certain limitation placed on the amount of borrowings by corporations, if monies are being advanced by the government so that they cannot exceed the amount in the schedule. I think this is quite in order.

On the matter of a certain section in the Bill and we are not supposed to refer to sections but it seems to me that we are now placing community colleges, the Frontier School Division and the universities under one category. We are referring to them as universities, and I am just wondering what is behind this, whether this has any significance at all. When we speak of Frontier School Division, is it the intention to set up a university in the north? Or where is the money going to go for. I did hope that we would have something for the south but there's nothing in the Bill for southern Manitoba as the Minister pointed out the last time. Mr. Speaker, I have debated the resolution before. I am certainly not in accord with the principle of the Bill and therefore I shall vote against it.

MR. SPEAKER: The Honourable Member for Ste. Rose.

MR. PETER ADAM (Ste. Rose): Mr. Speaker, I wonder if the honourable member would permit a question. The honourable member suggests that the Bank of Canada should be the lending agency. I was wondering what the Social Credit government would do if we had such a government in Ottawa with regards to the charter banks. What role would these banks have in our economy? Would they be nationalized or what?

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: I welcome the question. Certainly not, we would not be nationalizing the chartered banks. The banks are performing a useful service and they would continue performing useful service, but as the members should know that the chartered banks have to deposit certain amounts against the credit they issue; and therefore they create the credit that they lend to their customers. And what sort of credit proposes is that the differential would be gradually eliminated to where they would have to be on a 100 percent reserve, and then they would operate just like credit unions operate today and they would get their capital from the Bank of Canada. That's as simple as it is. Certainly this could not be done overnight because of the large indebtedness that there is today; the large amounts that we owe on the federal debt alone, around \$40 billion to the chartered banks, which is mostly held by the chartered banks and certainly this could not be released overnight. This would have to be done gradually and that is what is proposed to be done, that the fractional reserve be gradually brought to a 100 percent.

MR. SPEAKER: The Honourable Member for La Verendrye.

MR. LEONARD A. BARKMAN (La Verendrye): Thank you, Mr. Speaker, I will not



(MR. BARKMAN cont'd.) . . . . hold you up very long. I just wanted to say that we will be voting against the Bill and not for some of the reasons that have been mentioned during the debate over the last couple of days. We are of course very concerned with the \$150 million as far as the Hydro Electric Board is concerned. I think when we have a major hydro decision to make I think some of these decisions should be made before we perhaps go along as fast as we are proposing in this Bill. Also the other question - the Member for Churchill was mentioning the Churchill townsite development of \$11,850,000 the other day, and of course we are aware that perhaps some 50 or 55 percent could very well be returned after the Federal Government has paid their share. I am just wondering what happens to the balance of the money that will not be used - does it just stay in the fund? And of course on the last item on the sheet that we received, I think we have to tread a little slower as far as coming up with a round figure of \$45 million. I know the Minister tried to break it down as good as he thought that they might be using it for, but I think this figure is mounting too fast and there is some concern on our part at least that when amounts start climbing as fast as this one has over the years I think we should have more concern about a sum of \$45 million. After all it is a lot of money.

MR. SPEAKER: In recognizing the Honourable Minister of Finance I'd like to indicate he shall be closing debate. The Honourable Minister.

MR. CHERNIACK: Mr. Speaker, I too will be brief. I'm hoping that we will be able to proceed to the other stuff this morning, that we will be able to deal with Committee of the Whole immediately after the vote on this. The Honourable Member for Rhineland, as he says has debated this subject previously and I don't see any point in continuing the debate, but for the record and even in his absence I would like to indicate that he asked what I foresee for next year. I would say that for next year I see - and I will be may well be found to be wrong - but as of this stage I would expect a lesser rather than a larger Capital Supply Bill in the next year because the Hydro Electric amount of \$150 million is expected to pretty well take care of a two-year program. There might be, if they proceed quickly, more quickly than they expect, then there might be some additional amounts. Otherwise just as last year they didn't ask for money; they may not need to next year.

The other programs in the main would be approximately the same, I don't see any increases in Schedule A which is a what is called self sustaining. Under Schedule B these are guarantees and it depends on the federal program as to what opportunities there'll be for municipalities or special areas to borrow from the Federal Government and require the guarantee of the province. Under Schedule C I believe the universities are now reaching pretty well the end of their planned program and I understand there are no new starts forecast so there may well be a reduction there. Under Churchill Townsite I believe this is the entire program as planned at this time. I don't quite see any renewal but it's possible. And the Winter Works and Emergency Program and General Purposes relate considerably to the need or otherwise of an expansionary budget and the advisability of bolstering the economy or not. Certainly in the last two years I think we have done pretty well by injecting public funds into works at a time when it was important to the economy that people have jobs and we can't forecast the future and therefore it depends considerably on that.

One remark only in relation to the Honourable Member for La Verendrye who said that they're opposing the Bill. I didn't quite understand why they're opposing the Bill. He said something about General Purposes being too general. He also says something about Hydro, and this I marvel at because of all the three parties represented in this House by more than one person, the Liberals had a very clearcut policy on the Hydro development. The Conservatives took the position they would go ahead with the plans that they had proposed before the election. The New Democrats said we will not commit ourselves either way without an investigation, which it has made and with which there is a great deal of disagreement in debate. But the Liberals, Mr. Speaker, had no doubt in their mind that they would not flood South Indian Lake, that they would proceed with other projects - and certainly now for the Member for La Verendrye to be questioning that aspect of our program which is in line with what was the Liberal campaign plank is to me somewhat surprising. Having said that, Mr. Speaker, I don't think there's need - I think we have debated the general subject of the Capital Supply at least three different steps of the proceeding and I hope now that we can proceed to Committee of the Whole to deal with this section by section.

MR. SPEAKER presented the motion - -

MR. FROESE: Mr. Speaker, if I may have leave, I was just informed that George

(MR. FROESE cont'd.) . . . . Wallace had been shot. --(Interjection)-- They don't say whether he was dead then.

MR. SPEAKER: Again, is it the desire of the House to adopt the motion, second reading, on division ----?

MR. JORGENSON: Mr. Speaker, call the Yeas and Nays, please.

MR. SPEAKER: Call in the members. Order, please. The question before the House is the adoption of second reading, Bill 16.

A STANDING VOTE was taken, the results being as follows:

YEAS: Messrs. Adam, Allard, Barrow, Beard, Borowski, Boyce, Cherniack, Desjardins, Doern, Evans, Gonick, Gottfried, Hanuschak, Jenkins, Johannson, McBryde, Mackling, Malinowski, Miller, Paulley, Pawley, Petursson, Schreyer, Shafransky, Toupin, Turnbull, Uskiw, Uruski and Walding.

NAYS: Messrs. Barkman, Bilton, Blake, Craik, Ferguson, Froese, Girard, Graham, F. Johnston, Jorgenson, McGill, McGregor, McKenzie, Moug, Patrick and Mrs. Trueman.

MR. CLERK: Yeas 29, Nays 16.

MR. SPEAKER: In my opinion the ayes have it and I declare the motion carried.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I beg to move, seconded by the Honourable Minister of Labour, that by leave Mr. Speaker do now leave the Chair and the House resolve itself into the Committee of the Whole to consider the following Bill: No. 16, an Act to authorize the expenditure of monies for Capital Purposes and authorize the borrowing of the same.

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

#### COMMITTEE OF THE WHOLE HOUSE

MR. CHAIRMAN: (Sections (1) to (8) were read and passed.) Section 9 (a) . . . the Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, I have one question on 9 (a). It reads there, the last part: "the amount set opposite the designation of universities, Schedule C" it's the plural. Do we mean the 18 million when we talk of universities?

MR. CHERNIACK: Mr. Chairman, I interpret the universities to refer to the \$13,738,000.00.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Universities in Section 9 (a) isn't the plural. It still refers to the 13 million only?

MR. CHERNIACK: We have three universities in this province.

MR. CHAIRMAN: (9) (a) -- passed . . . the Honourable Member for Riel.

MR. CRAIK: Mr. Chairman, I wonder at this point if I could direct a question to the Minister of Finance. This year we've had a statistic regarding debt that has been used, the dead weight debt load for the province, and traditionally up until last year at least most of the money borrowed for the universities has been paid for out of Current Account and we find that over the period of the last two years nearly all of this that came out of current has been shifted to Capital Borrowing. Now I presume that's why we are at this point bringing this provision for the universities to come under Bill No. 16. Can the Minister indicate how this will show up in the province's debt. First of all is University Capital Borrowing, does it fall under the designation of dead weight debt or is it included under debt which by some means or other is self-liquidating through some rationalization? And secondly, I suppose, is this introduced at this point in this Bill because it's the government's intention to assign the money borrowed to the university so it shows up as a contingency debt rather than as a government debt or what is the specific reason in light of those two questions for providing for university borrowing under Bill 16?

MR. CHAIRMAN: The Honourable Minister of Finance. The Honourable Member for Rhineland.

MR. FROESE: I had one question in connection with this same thing. When a university decides to borrow on its own what is the collateral given or how is the money being borrowed? Is the government still backing those loans even if the university makes a loan on their own?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I've not yet found the one sheet that would be helpful to me. Mr. Chairman, the capital investment in the universities being shown now for capital authority is - well I don't want to call it dead weight debt because we have - that's not a legal or a technical description but I think in the sense that the honourable member means that it is not a self-sustaining debt, so that in the general nomenclature it could well be called a dead weight debt because it's payable by the people of the province over the long haul. The monies that are granted here are controlled by the government and are not just turned over to the universities except for specific projects that are approved through the University Grants Commission, the same as it was during the tenure of the Honourable Member for Riel when he was Minister, I'm sure, that the University Grants Commission for its current expenditures gave lump sum amounts to the universities after bargaining it out, but the capital portion was and continues to be controlled. Now the Honourable Member for Rhineland, would be mind repeating his question. I . . .

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: When a university borrows on its own - just whether it's still guaranteed or not.

MR. CHERNIACK: The university does not borrow on its own but it has power within the Universities Act I believe provide that they do have power to borrow but they cannot borrow without the consent of the Lieutenant-Governor - and I think that the purpose of this clause which I believe is the same as last year's is again a matter of financial advisability. The universities in the past did borrow on their own and that did not show as a debt or a dead weight debt as referred to by the Member for Riel. The option is left open. If it is felt that a direct loan could be obtained by the universities at an advantageous rate then that would be borrowed by the universities but only with the consent and approval of the Lieutenant-Governor-in-Council, and if it's borrowed in that way then as suggested by the Member for Riel the payments that are required to be made would be made through the University Grants Commission by the government from year to year to retire the debt. I trust that answers the questions.

MR. CHAIRMAN: (9) (a) -- passed . . . the Honourable Member for Birtle-Russell.

MR. GRAHAM: I know this question may not be directly related to this subject at the present time but when a university requires capital do they go to the University Grants Commission which then in turn comes to the Minister of Colleges and Universities?

MR. CHERNIACK: Yes.

MR. GRAHAM: Now, is this increased capital that is required, now is this a result of a lessening of the private sector's support in the university program?

MR. CHERNIACK: No, Mr. Chairman, it is not. It is the end of their long-range program. I'm sure the honourable member knows all three universities have had some very substantial expansion programs in the last few years and this is sort of the termination of authority as I understand it to complete the programs which have been approved and I don't believe there are any --(Interjection)-- oh, the St. Boniface College would still be on, is that it? But other than that apparently they've all reached the stage where they're in pretty good shape with their capital program.

MR. CHAIRMAN: (The remainder of Bill No. 16 was read section by section and passed.)

Committee rise and report. Call in the Speaker.

Mr. Speaker, the Committee of the Whole has considered Bill No. 16 and directed me to report the same without amendment.

. . . . continued on next page

IN SESSION

MR. SPEAKER: The Honourable Member for Logan.

MR. WILLIAM JENKINS (Logan): Mr. Speaker, I beg to move, seconded the the Honourable Member for Ste. Rose that the report of the Committee be received.

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

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I require leave ...

MR. SPEAKER: The Honourable Member for Rhineland.

MR. FROESE: Mr. Speaker, on the point of order, I would ask that the motion be put differently so that we could have it reported On Division.

MR. SPEAKER: On Division? Agreed? So ordered. The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, may I have leave of the House to take this to the third reading. Don't need it? Well whether or not I do, I beg to move, seconded by the Honourable Minister of Labour that Bill No. 16 An Act to authorize the expenditure of monies for capital purposes and authorizing the borrowing of same be now read a third time and passed.

MR. SPEAKER put the question and after a voice vote declared the motion carried.  
(On Division)

MR. SPEAKER: The Honourable Minister of Finance.

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

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

MR. SPEAKER: The Honourable Member for Logan.

COMMITTEE OF SUPPLY

MR. CHERNIACK: Mr. Chairman, I understand the Minister of Highways is not available and I'm ready to go with my own Estimates.

MR. CHAIRMAN: Resolution 58 (a). The Honourable Minister of Finance. I direct honourable members to Page 19 of the Estimates.

MR. CHERNIACK: Mr. Chairman, I won't take up any time especially since I was not generally -- my voice is not servicing me too well any way but I do want the opportunity to tell members of this House that almost every day convinces me more and more that the department which I have the honour to head is so very well served by the people who work in the Department of Finance. I have spoken before and I have said it often that the loyalty and dedication to work that I have found is one that has nothing to do I believe with the Party in power but is one which serves government as such and I am very much impressed with the attitude of all members of the department and their desire to work in the interests of all other departments. As honourable members know, the Department of Finance is a department that services government and other departments and it's very important for the proper efficiency of government itself that the people within the Department of Finance are on a very good working relationship with the people in all other departments of government. I'm happy to note that they are and that they are a great deal of assistance to each other and are thus able to carry out their task more than ever.

I might indicate that there are very few changes in relation to the Estimates of this Department. Total amounts to be voted is up from the 1971-72 voted amounts by \$1, 124, 600.00. The main changes contributing are an increase in public debt charges of 732,000.00. Increase in refunds of 250,000 under Miscellaneous, which includes the general salary increase of 268,000, making a total of 1-1/4 million, decreased by some 126,000 in insurance premiums which is now being paid by the Central Provincial Garage. Possibly I should explain that under the terms of Financial Administration Act refunds on cancelled motor vehicle licenses sold during the fiscal period in question are to be made from the appropriate motor vehicle revenue account. Refunds on licenses sold in previous fiscal years are to be made from appropriation 7 (2) (b) (5). And because of the change in the computer operation it's been deemed advisable that all refunds should be made from appropriation 7 (2) (b) (5). In the previous year, members will recall that the increase in salaries was not reflected in the printed Estimates and that

(MR. CHERNIACK cont'd) . . . . accounts for the reason. As far as staff man-years are concerned the department has promised, and I intend to hold them to the promise, to reduce the staff man-years by .7 which I think is pretty good considering the additional load that all departments are carrying from year to year and therefore we've held the line in this respect.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. JORGENSON: The Minister has had a fairly busy three weeks dealing with various matters affecting his department and we've had an opportunity to discuss at some length some of the operations of the Department of Finance, so it is not our intention to deal at any great length, I think perhaps there may be one or two people who may want to say something on the first item. But I did want to concur with a statement that was made by the Minister when he was commenting upon the departmental officials. I want to say that the officials of the Department of Finance, as in most other departments of government, dedicate themselves to serving the government that is in power when there is leadership and direction provided by the Minister and by the government. I know that the Minister of Finance has been providing that kind of direction to his department and it probably explains the reason why he is getting the kind of co-operation that he is getting; which is more than we can say for other departments where the leadership has not been quite as pronounced.

The Minister mentioned that the big increase in spending estimates of his department were to be found in the increase on the debt charges and we'll have more to say about that particular subject when we reach that item. For the time being I don't think that it is our intention to at any great length to hold up this first item; we would like to get on the others. There may be questions from members of this side of the House that we would like to ask on certain matters relating to the department, but other than that we do want to say that we appreciate the kind of co-operation that the Minister has given us and that his departmental officials have given us on any time that we've had matters that we wanted attention directed to.

So with those few words, Mr. Chairman, I think that we're prepared to - with perhaps the exception of one or two other comments from this side of the House, I think we're prepared to allow this item to go very shortly.

MR. CHAIRMAN: Resolution 58 (a). The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, I would like to make one or two brief comments here and I think this might be the appropriate place to make them.

In getting to grips with the changing finance policies of the government and trying to accurately portray the change in our debt positions and so far, I find the greatest difficulty lies in the fact that there is a year time lag between actual experience and projection. When we're dealing in April and May of 72 with what we propose or what the government proposes in the way of expenditures, we are able to look back only at the actual results for the period ending March 31, 1971. I have attempted from time to time to find out or get a projection or an estimate of a figure that might apply for March 31, 1972, particularly in actual expenditures for that period of time and revenues, and I've had the answer over the last year or two in my short experience that this is not possible, that the actual figures will not be available for March 31, 1972 until July perhaps of this year. Mr. Chairman, the answer is that it's simply from an accounting point of view not a possibility to have these figures any earlier, so we must then proceed with dealing with the accounts of the province having a year of time in which the actual results are being prepared.

I wonder if it isn't the time to question again this position being taken by the department of government. I wonder if this decision wasn't reached and established many years ago and is being used from year to year without real investigation as to its validity under the present circumstances. And I'm thinking particularly of the move of government into computers. Were these decisions valid before we had computer accounting, before we had the ability of computers to produce answers to our accounting problems in a much quicker way than they have been prior to this time? I'm aware of the government's interest and its actual advance into the computer business. We are told that the government - and we recently learned that they had bought a new computer. They have a very greatly increased capacity to provide accounting figures and to provide actual revenue experience and expenditure experience.

So, Mr. Chairman, I would like to ask the Minister to comment on this. Five years ago it may have been true that it was necessary to take a year in which to produce actual figures for the Government of Manitoba. I'm wondering if this year it still is valid to say that it is not possible with all the aids that we have to accounting methods, with all the advances that have

(MR. MCGILL cont'd) . . . . . been made in the past five years, if we couldn't expect a little more current statement of the actual position of the province.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, I too would like to make a few comments under the Minister's Salary. It's only the last year or two that we have with the Estimates of the Finance Department a resolution on the interest. I think it used to be that this was under statute - it was a different arrangement anyway - and now we have the interest given of the department and also the recoveries from the various Crown corporations. Maybe we could deal with that later but I'm interested to know whether the recoveries here that are mentioned whether this is the total recovery or are we in addition to that making subsidies? This morning we were discussing the capital account and there was a figure raised in connection with the . . .

MR. CHERNIACK: Mr. Chairman, I would just like to tell the Member for Rhineland if I indicate to him that I do not propose to answer his questions on Public Debt till we get to it, possibly it would be better to leave that until we actually get to Public Debt and deal with it then.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: I, too, wish to agree with what the Member for Brandon West said that when it comes to matters of finance that either we are dealing with the Estimates, the amounts that are to be spent or we are dealing with figures that are a year old and this is always a problem. In past years, I've been asking for quarterly statements; we've received some information in that regard on occasion but I don't think they have come through on a quarterly basis and certainly I would like to see this happen that this be a standard practice that we get quarterly statements as soon as possible after a certain period of time. After the quarterly, let's say, three months have elapsed.

I know there is monies being spent for research, in connection with the Federal Government and other governments and I had rather hoped for some report as to what was going on in that respect, what kind of research is being done. Is it purely a matter of taxation or whether other matters are involved when we talk of Federal-Provincial research?

Then also one other question that is in my mind is - and the Minister might say that I should be discussing this under Municipal Affairs but I think it should be dealt with under Finance. Are the municipalities and Greater Winnipeg area treated alike? I think there is some grants given to the Greater Winnipeg area that people in rural Manitoba don't receive and that we are not really on an equal basis, rural versus urban. I certainly would like to have the Minister comment on that, because if I understand correctly last year when the bill was passed that certain grants were going to be made to the Greater Winnipeg area and I would like to know just how this is working out, whether these additional grants are being continued or what is the score. Certainly I think the people in rural Manitoba have a right to know whether living in the City of Winnipeg is a privilege and that they are privileged or what the score may be.

Certainly, as I mentioned before, I think our meetings in Public Accounts have shown that the people in the department are very co-operative. I certainly always respect them and I'm sure that they're doing good work and I certainly would like to commend them myself. But these are a few points that I wish to raise and maybe the Minister could enlarge on -- certainly he has had meetings with the people of the different provinces, the Federal-Provincial negotiations and conferences and so on. I think we should be hearing from him on some of the matters that are being discussed and researched.

MR. CHAIRMAN: The Honourable Member for Churchill.

MR. BEARD: Thank you, Mr. Chairman. I'm --(Interjection)-- As the Minister of Cultural Affairs warns me, I won't be too long. My mind wanders back to history in the early days when really tax collectors and finance ministers and such on should be tarred and feathered and I don't suppose that really changes in the minds of one whether he's on the opposition side or the government side when it comes to his own personal life. But it's quite a thing when you have opposition standing up today and paying respects to the Department of Finance and the members and the Minister that heads it; and I believe that in itself spells well for the members of the department.

I believe Stuart Anderson and the Minister well represents the Manitoba Government, I think that we can be sure when they go outside the boundaries of this province that we're well represented. Certainly I feel safe and I feel that the finances of the province are safe when

(MR. BEARD cont'd) . . . . they enter out into other areas. But then again it doesn't mean that we always have to agree with what goes on and I suppose that shows in the fact that not all of us are on the government side. Those of us in the opposition do not follow the same philosophies as the Minister, but it is very seldom, Mr. Chairman, that elected MLA's can become instant experts and be acknowledged as people that can take over a department that is altogether foreign to their way of life and create the image that has been created in this department. I'm sure that it has taken a lot of hard work and a lot of candle power late into the night to create this type of image that Manitoba has today and for that we must thank the hard-working staff that have taught the Minister and his abilities to absorb a great deal of the intricacies of finance. I'm sure it wouldn't be a task that I would want to tackle. But in this I do know that in buttering him up at this time I would say that most of us have things that we would like to bring to his attention from time to time and I suppose that is what the job of the Opposition is. But it doesn't seem as if this is going to be the occasion that we are going to do this, and I will go along with the others and wait until a little later to pass along some of the problems that I see in this department. But I would at this time like to also join with others and say thank you for running a good department. I think it's at least one area in which we can say that we are at least par or above those of our sister provinces. Thank you.

MR. CHAIRMAN: The Honourable Member for La Verendrye.

MR. BARKMAN: Mr. Chairman, there are so many compliments floating around I guess the Honourable Minister must feel good about this and I am not going to spoil this by starting off the other way, but I would like to bring up the matter of -- I've noticed the last couple of years we've not really been floating any bonds or debentures and as far as I'm concerned I think this is rather fortunate that you haven't because it leaves a little bit more room for the rural; perhaps more rural than urban municipalities, this way there seems to be a little bit more money around for the municipalities than if the Federal Government and the Provincial Government are taking quite a bit of the money into their hands.

I was wondering, I think I'm perhaps out of order when I want to encourage the Minister -- I believe the matter I want to speak about should actually come under Municipal Affairs but I know there is a matter of interest, when municipalities float debentures with a fixed rate of interest and they seem to run into a lot of trouble over the years by not being able to call them back, the debentures or whatever you wish to call them, in most cases I think they are debentures. I wonder if something could not be done to encourage that a different principle be set up; that if a municipality sells debentures that either they could be recalled; and in most cases they aren't. I just don't know what mechanism you would need and perhaps I'm going afloat a little bit that it's the matter of the Minister of Municipal Affairs. But I know that a lot of municipalities are running into trouble and cannot sell their debentures for the simple fact that they're put and they stay that way for in most cases, for 20 years and if something could be done with that I think it would be very helpful to the municipality.

MR. CHAIRMAN: Resolution 58 (a). The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I guess this is a red letter day for me. I don't recall any occasion in the past, possibly my estimates haven't come up in the past -- I think they did -- where I heard things said about my department and indeed my participation in the department that were complimentary, really complimentary, and I do say that we are all of us sensitive people, even those who deal in money have a sensitivity about them and I might say that last year I was rather put out when one of the resolutions which I think was on the Throne Speech actually pointed out the Minister of Finance as being overworked and not doing his job properly. So to the extent that I've heard differently today it's extremely satisfying to have heard the comments that have been made in regard to our Department. As I said, it is the staff that makes it possible to operate a department well and to be able to give proper reporting to the House. My Deputy, Stuart Anderson, was mentioned by name and he deserves to be mentioned by name. I miss him every day he's away and he's been away for a week so I've missed him for a week, but I believe tomorrow he'll be back to give me the support and the teaching that the Honourable Member for Churchill so knowingly suggested I need. The other members of his department of course -- certain ones are present here so I'd better not start naming any of them -- but I do appreciate the help I do get from them, help and guidance.

So the specific questions that were asked. Our system of accounting, the Member for Brandon West raised the question of the time lag, something that I've been conscious of when I was in opposition and have even been more conscious of being in government. The final

(MR. CHERNIACK cont'd) . . . . accounts actually are not struck until about January or February of the year following the end of the fiscal period -- which is what? About nine months. That is a very long time and we've been discussing ways and means of speeding it up.

I would remind members that I spoke in the past about national accounting, the idea of having accounts which blended together what we called current and capital, and that is being done now by the Government of Canada and several of the provinces which really deal on a cash basis rather than indicating capital separate from current. What they are showing is what is the constant cash flow through the year, and it means that whether you spend money and call it capital or you spend it and call it current, in the end it's people's money that is being spent and the impact on the economy is the important factor. So that for the last year we've had one person particularly working all the time on trying to relate our accounts to this new system of accounting which should give what is thought a better picture of the financial administration year by year of the province and possibly help to speed up the accounts.

I have found that certain of the delays are really ones that shouldn't be necessary. For example there's a long delay takes place in that inventory of certain kinds are taken into the accounts. If a desk is purchased for my office say, that's purchased and written off, but if supplies are purchased for the, let's say the Selkirk Hospital, those supplies if they are drug supplies they are written off, but if they are food supplies they find their way into the statement and our department has to sit and wait for inventories to be taken in various departments in order to include them in the statement of assets and liabilities and of course the operating, the cash revenue and expenditures. I am told that if we can eliminate that and deal with -- inventories would be taken anyway because there has to be an accounting kept of let's say stock on hand, inventory on hand, but if it weren't forced into the Public Accounts book then we wouldn't have to wait for them to be checked out by the Auditor and sent through the Accounts in order to do it. This year we're looking very closely at whether or not we can just knock out the inventories, still keeping records for the departments to be able to check on the stock on hand and to make sure that there is no wastage, but not to include them in the financial statement. I'm told that will save quite a bit of time. Also calculations are made of accruals, that is accrued liabilities, and they are not very much in relation to the total turnover. But that, too, takes time to gather together, have it approved by the Auditor before it goes into the financial statements. We are looking closely at the principle involved. My own feeling is that we don't need it but then since it's been there up to now the thought is that we shouldn't just eliminate something that members would like to know about. But I have found in the years that I've been here I wasn't even conscious of the fact that certain inventories were taken into account, certain accruals were taken into account. As a member of the opposition I never found it of any real meaningful information and we're looking now at the question whether we could eliminate that time-consuming aspect.

This morning when we dealt with Public Accounts the Committee agreed that the supplementary book which gives the detailed accounts need no longer reflect payments of over a thousand dollars but could be raised to \$2,000,00. That will save time because it will eliminate all the accounts that have been kept between the one thousand and the two thousand dollar figure. It was also proposed that possibly we could start showing salaries at over \$10,000 rather than over \$7,500 but the Committee didn't think that that was an advisable thing to do at this stage, so that all these things seem to add up into time.

Now I guess the Minister of Finance learns to be cautious in what he says and that is why I am always afraid to go out on a limb and give a projection of what the balance sheet will look like. I did give the assurance at the time of the Budget Speech that we would not be showing an overexpenditure and that is confirmed. We will definitely have a small surplus on the year's operations as compared to the estimates that have been given. Both the expenditures over-all and the revenues over-all were greater than was estimated but on balance we will have received somewhat more than we will have paid out of the current estimates that were dealt with last year. I'm told that some of the steps we've already planned to take should speed-up the final statement by maybe three months and we'll see if that is so, if that happens. If it is it will be a step forward.

I found that last year the adjustment to the computer was a difficult one and the department being cautious advised and convinced me and convinced Cabinet that we should be running -- if I may use the expression -- two sets of books because we were actually continuing the



(MR. CHERNIACK cont'd) . . . . operation, the hand operation that had been done prior to the computer while the computer was working so that we could make very sure that if there was any computer problem that it did not affect the ongoing operations of the finances of the department. So we had a staff that was doing the work, as it had been done in the past by hand, and the computer was working concurrently to make sure that any slip up in the computer did not adversely affect our operations. Now the computer is on track and as far as I'm told it's working well and that too should help as mentioned by the Member for Brandon West, to speed-up the operations.

We're now planning for the summer and fall to review the statement presentations being made by other jurisdictions. There is one province which prepares interim statements, that's the Province of Alberta, and that's the reason the Member for Rhineland is constantly reminding us of the advisability of quarterly statements. I've been watching this, myself, and I find that you don't get too much out of these quarterly statements. It's only when the year is ending and the departments are busily getting their accounts together that you start getting a true picture. The quarterly statements really are so interim that they don't really help me when I look at them and I have grave doubts - I don't know whether members have found it useful at all when we produce the statement as of December 31st, 1971 and we did the previous year too. I'm not sure if it was helpful to committee at all. It wasn't very much work for the department but we did do the work, we did prepare this statement, we did file it and that's the last I heard of it. After we distributed it I didn't hear any more about having done so and I don't think honourable members would like to just have us do work, produce work, grind it out and then find that it's not being used in any meaningful way. I'd rather not spend the time and money or the money and time to produce statements that aren't really of too much help. However, we are during this coming Fall planning to study these other jurisdictions to see if we can prepare summary statements as is being done in some other provinces, but we do find that the question of accruals and inventories, which really are very minor - if honourable members would look at their public accounts they will see that they're very small amounts in relation to the overall - they do take a lot of time and I am thinking of the possibility of eliminating them.

The Member for La Verendrye spoke about borrowing, municipal borrowing, fixed rate borrowing. I must tell him that I too have been greatly irritated by the fact we borrow long term and then interest rates may drop and we are still married to a higher interest rate. But I have been informed by all the financial people with whom I have discussed it that investors who lend long term want to know where they stand and the idea of a flexible interest rate just isn't popular with the buying public. It's being tried now in some European jurisdictions; I believe the Japanese have been talking about it but in the main there are very few jurisdictions that are able to have what is a flexible rate, that is, that gives the opportunity to the borrower to call the bonds in and pay off when the rates are high. People who have that kind of bond want to keep them of course and I'm advised that they just won't buy bonds that have a long term where the option is with the borrower. Indeed, I haven't heard much about it this year, but last year there was actually borrowing taking place where the borrower was tied to a 20 year rate but the lender had the right to call the money within five years and that to me was a horrible thought. A unilateral bond of that kind was one that I found very unacceptable. And yet last year that was the trend. The long market was I don't know whether it is bearish or bullish; whatever it is people weren't anxious to lend money long term because they were thinking that rates were climbing and therefore they wanted an opportunity to call back their money to put it out of the higher rates. So I said fine, let us have the same opportunity, then we have it, it's there, that if the rates drop we should be able to buy back our bonds - and no go. Our sales people said they couldn't sell. So if the province can't have that kind of power I am quite sure the municipalities just wouldn't get away with it, or else they would have to pay a much higher rate, a premium rate in order to have the right to buy back. I am glad to hear the Honourable Member for Rhineland's, I mean for La Verendrye's opinion that municipal bonds have been moving a little better lately. We do offer consultative services to municipalities that have this kind of problem and I know we have been helping some to get on track with the public to be able to sell their bonds and I think they are managing fairly well.

The Member for Rhineland raised a question which does belong in Municipal Affairs but I can answer him that I do believe that the grants that are being given are being given to municipalities on various formulae basis and I don't think there's discrimination in favour of the Greater Winnipeg area. One of the announcements made recently is the removal of the ceiling

(MR. CHERNIACK cont'd) . . . . on grants in lieu of taxation; and that's of help to other areas of the province, is of no assistance to the City of Winnipeg which has been getting this program because of the five percent limit was not one that any longer froze out the City of Winnipeg. It did in the past freeze out Fort Garry but now with the City of Winnipeg it doesn't take place.

The final question I would like to answer is the Member for Rhineland's question on the Federal Provincial Relations and Research Division, whose prime responsibility is the co-ordination of intergovernmental financial relationships, particularly with the Government of Canada. Fiscal arrangements are dealt with, that is the income, succession duty, gift taxation, equalization, all joint programming preparation is done in this Department or this Branch. The negotiations are to a large extent carried on either by this branch or by this branch with the department along with the department concerned. But equally important is that we have constant analysis of federal and provincial fiscal and economic policies and the examination of revenue sources for provincial and local governments. We have policy development and research support to the Department of Finance and to other departments in regard to financial relationships with other governments, and of course the department is most active in the preparation of material for the Ministers of Finance meetings, the constitutional meetings that were held and the First Ministers' conferences were also involved in working with the Departments of Health and Social Development and Education in the fields of joint sharing agreements. So this department which is close to full strength now, I think we have about 10 in the department, is really functioning and operating; it's one of the hard working - well they are all hard working - branches of our department.

MR. CHAIRMAN: The Honourable Member for Birtle-Russell.

MR. GRAHAM: Thank you, Mr. Chairman. At this particular stage I have a problem I would like to bring to the attention of the Minister of Finance. Quite frankly, Sir, I am not too sure if it actually falls within the jurisdiction of the Department of Finance, and I am asking for some assistance, it may come under another department. It deals with a problem that has arisen in Manitoba by arms of government such as in the hospital field, where budgets established for the operation of hospital districts are always based on past years' experience and they are constantly in a deficit position. And also the fact that where new districts are established, by law they are prohibited from capital borrowing for the establishment of current operating capital, and I would wonder just how these districts can acquire operating capital when they are prevented by law from establishing a different budget and they end up in a chronic deficit position and constantly operating on borrowed capital, and I was wondering if the Minister of Finance can offer any advice to organizations of this nature.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, firstly I should say that this does come within Health and Social Development under the Health Services Commission. Nevertheless the question of financing is a matter that I am interested in. The budgets, the ongoing budgets are furnished to the Health Services Commission which would use the budgets and takes into account escalations in wage scales or in costs and they submit the budget after it has been it's worked over by the Health Services Commission. It does come to Cabinet through the Management Committee Review, the budgetary review; and we do actually review not so much the ongoing or the per diem costs of hospitals but more their capital program. The capital program is reflected in the per diem payments that are made by the Health Services Commission.

I really was not aware of the problem that hospitals may have with working capital. I don't know if it makes that much difference because if they have to pay interest to the banks for operation, for working capital, then that's added into the per diem I'm sure and is part of the supplement that they receive from the Health Services Commission. But I don't know whether this has been announced before - maybe this maybe I'm making the announcement for the first time - but we're almost, almost at the stage of proposing to this Legislature a program for the financing of hospital debentures through a central authority such as we've, such as has been done some time ago by the Public Schools Financing Board. Hospitals are running into difficulties financing their capital needs, and I know of hospitals which have been operating really on bank credit and long term bank credit, which is good for the hospitals because they pay less to the banks than they would on long term. But the banks are starting to push them awfully hard and starting to say that they don't like to do this to a local hospital; but they want the hospital to get on a firmer foundation with longer term and we are very close to proposing a hospitals' financing authority which would be administered by the province. And that of course

(MR. CHERNIACK cont'd) . . . . means that the hospitals would have to be sort of put on priority basis and that we don't like to do but it is not wrong for a hospital to be told: You can't get your money because you haven't got the financial backing or the opportunity to sell bonds; therefore you can't have it because some other area may be in a better position to get his bonds on the market, and we feel that there should be some assistance from the province in coordinating hospital borrowing through one authority and if we are ready to in this session, I will be bringing in a bill for that kind of authority which I think will be of great help to many of the small hospitals in the province. I'm sure it will be of help to them and I admit that I'm not quite ready to do it but I am on the verge; I'm just waiting for a little more study.

The question raised by the Honourable Member for La Verendrye about municipalities is another one that requires this kind of consideration. I'm not ready to do that yet because it is a different kind of a source for payment, but with hospitals we know that they are guaranteed really the repayment of their capital debt because it is included in the per diem payments by the Health Services Commission. The only problem is that if a hospital should overbuild and have vacancies, then they won't get the per diem, and then they may have some trouble paying off their capital debt. On the other hand they shouldn't be building if they are going to have vacancies. We now are in a position I believe, where we have enough acute debts in the province that we have to concentrate on consolidation of hospitals and to greater use of the convalescent debts. I confess that this is not quite within the matter before us but I did deal with the financial aspects and we are trying to cope with them.

MR. CHAIRMAN: The Honourable Member for Birtle-Russell.

MR. GRAHAM: Well, Mr. Chairman, I want to thank the Minister for giving an indication, because many hospital boards in the province have experienced a great deal of frustration in the past three or four years where they have had bond issues ready to go to the market - all they've required would be approval of the Hospital Commission and to go through the Municipal Board; and they've just been sitting there dormant, and the banks are certainly pressing them in many cases and an announcement of that nature will be most welcome to them I am sure.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, if I may? I don't want to take up time but I was not aware that that once the hospital construction has been approved that they then need authority from the Health Services Commission to borrow. I should have thought that they may have Municipal Board problem but I did not think that they would have a problem with the Health Services Commission. The Minister isn't present so I can't check it but I would suggest that the honourable member do raise that during the estimates of Health and Social Development and possibly clarify that. I am surprised to hear that.

MR. GRAHAM: Mr. Chairman, it's just a question of the final approval of their budget. Even though the hospital may be fully constructed and operational it still requires the final approval from the Hospital Commission before it goes to the Municipal Board.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, I wonder if I may briefly touch on one matter that I feel we should have a little light thrown on. Last year we passed the Unicity Bill which combined the various municipalities in the Greater Winnipeg area - some of the cities and Greater Winnipeg - and I wonder whether we could have some kind of progress report, because I am sure the Minister is best qualified to do it; he is well versed in it because he studied the Bill and he sponsored it, and I would like to know some of the things as to how things are progressing. Because we know from Wood and Gundy, who have put out a statistics that the City of Winnipeg certainly has a capital debt and also reserves, the Metropolitan Winnipeg Corporation certainly have a capital debt, and I'm just wondering - weren't some of these debts incurred by the province that the Metropolitan put out? If I remember correctly when Metro was first organized I think there was something to that effect. And then I think too when they had touched on before, whether the urban area of Winnipeg was privileged in certain respect. Well I think I more or less referred to the organization expense or the - there was an initial grant I think authorized last year when the Unicity Bill was brought in - and whether this is being continued or not. I notice now from the estimates under Urban Affairs that there is I think a million and a half estimated in the estimates. Whether this is for that particular purpose I am not sure at this point. And then too, to what extent is the indebtedness of these two units of administration which is now combined into one - how are the revenues produced to pay some of that indebtedness? Is some of the debts created by the city itself strictly put up by the people of Winnipeg

(MR. FROESE cont'd) . . . . or are these debts now all combined and are there over-all mill rates struck to carry the total load? I think this applies to some of the other utilities as well.

I wonder if we could have some information thrown on this because I think it is important. When we pass legislation of that type, this was a major bill, this concerned half the people of Manitoba and I think we as members when passing such legislation should have some information as to how it's proceeding and how things are faring.

. . . . continued on next page

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, in acknowledging the Minister's explanations on the previous points in respect to the decisions which - or the reasons that have been given over the past number of years for having a year's time lag in our Public Accounts, I think it's encouraging to know, Mr. Chairman, that the Minister is looking at this again and attempting to find out if the reasons are still valid now that we have computers and we're programming our Public Accounts.

I appreciate some of the reasons the Minister has given as being perhaps accounting problems that are unique in government, but certainly in business it would be unacceptable completely if a business corporation had to wait a year or more to have a current statement of their position with respect to receivables and payables. So I think the sooner that our province can get on to a more current basis on this the more able we will be as legislators to determine exactly what our position is at any given time.

One of the areas in which I found it very difficult to accept the reasons of the Department of Finance for not having a more current statement was in connection with the Budget presentation and specifically the summarized statement of direct public debt. The latest one we were able to obtain was March 31/71 and we worked down to a figure of net direct public debt of \$27.40. In this area I found it extremely difficult to accept reasons why there couldn't be a statement of the public debt of the province that would be more current than March 31/71. Surely the statement of the direct public debt for March 31/72 should not be a complicated figure to provide and yet I'm told by the department that it would not likely be even capable of estimation until about July of this year. I am sure it would make the Minister's job in presenting his Budget much more realistic if he were able to tell us what the public debt was at March 31st, 1972 so that we could relate our increases to the current position. But in effect we have a two year spread here and the figures in my view become rather meaningless.

Now with computers and with our new techniques, can the Minister explain why it's not possible to have a current or at least a March 31, 1972 cutoff on public debt?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, the Member for Rhineland raised a question on the City of Winnipeg and I didn't think I had to account for the fact that I'm Acting Minister of Urban Affairs, Acting Minister to get my salary as Finance Minister, so I don't think I should go into any great detail on the City of Winnipeg operation because the Urban Affairs Budget has yet to come up in the Estimates review. I'm tempted of course to make a long speech on it but I don't think that the committee would be prepared to listen to a discussion on the City of Winnipeg and the problems relating thereto. They're just now in the process of striking a budget. It's one that we have not yet received. All I have on it is newspaper reports and I'm really not in a position to discuss that at all.

But the one point that did make his contribution in order was the question of the debt of the City of Winnipeg and whether the province has any responsibility for it. Let me tell him that all the assets and all the liabilities of all of the municipalities that were combined into the now City of Winnipeg were put into the same pot, into the new City of Winnipeg, so all liabilities of all the municipalities were acquired by all of the citizens of the City of Winnipeg and is their liability. Also all debts of Metropolitan Corporation were acquired by the City of Winnipeg and are the responsibility of all the citizens of the City of Winnipeg. The province does not guarantee any of that debt just as it doesn't guarantee any municipal debts. The only point that was drawn to my attention - I was going to say not at all, until I remembered that today we passed Bill 16 which included in it a guarantee of \$250 million for the Federal - Provincial Employment Loans Program for the City of Winnipeg and that is the monies which the City of Winnipeg was able to borrow from the Federal Government for its share of the Convention Centre. We have guaranteed that. As far as I can tell that's the only guarantee that the province has of municipal capital borrowing.

Let me turn for a moment to the Member for Brandon West who pointed out that business could not really operate with a long delayed financial statement. I suppose they work off estimates until they get the statements completed but I can assure him that I'm conscious of what he says, I agree with what he says, I've tried to work towards it and yet we do have to in our Public Accounts give the fullest kind of information and to acquire it and check it, and as one of the members of my staff said this morning we triple check all the items to make sure that they're as accurate as possible and that takes time.

(MR. CHERNIACK cont'd)

Now the member spoke about the Public Debts statement and again I'm told that the problem in the delay there is the calculation of advances made by the government to various of its own Crown corporations, calculations of interest, etc. because these are audited statements. I will be able when we get to Public Debt to deal I believe, I have information as of December 31, 1971 which I think is pretty up-to-date. Is that right, do I have that? But even that I'm told will not be the final stamp of approval on it because apparently it does take that kind of time to get that information. --(Interjection)-- I see. It was pointed out to me on the statement referred to by the Member for Brandon West is that the unfunded debt shows outstanding cheques of some \$24 million; accrued interest of \$9.8 million; accounts payable \$3.2 million, special funds \$30 million. That apparently takes a long time to gather together. I don't remember now how many bank accounts are operated by the province and its agencies but there are an awful lot of them and to get a finally completed audited statement does take time. But when we come to Public Debt I will try to give whatever information I can, as recent as I can in relation to that.

MR. CHAIRMAN: (The remainder of Resolution 58 was read and passed.) Resolution 59 (a)(1)--passed; (2)--passed; Resolution (b)(1)--passed; 2--passed.

The Honourable Member for Sturgeon Creek.

MR. FRANK JOHNSTON (Sturgeon Creek): I'd just like the Minister if he could explain that 1,500 and 127,000. Now I know in his opening remarks he said this insurance was now under the Provincial Garage, if I'm not mistaken, or Central Garage. I've looked in the Public Works Estimates in the Central Garage and there is an increase there that may possible be the increase, I'm just . . .

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: The honourable member - I was looking at the wrong item. He's asking for an explanation of the movement or are you looking to see where it appears?

MR. F. JOHNSTON: Mr. Chairman, to explain. I didn't quite get the explanation the Minister gave and while I was waiting to ask the question I looked under Central Garage on Page 37 and there is an increase there, but is that where the insurance is carried now on this . . . ?

MR. CHERNIACK: Yes, that would be Page 37 3(b), as I understand it it's in there. I know I don't have it anyway.

MR. F. JOHNSTON: Could the Minister mention why the insurance premium - is this the car insurance or is it the building insurances or . . .

MR. CHERNIACK: Yes, it's insurance for the vehicle fleet, for public liability for the vehicle fleet. I would guess now that the reason must be that the insurance is now with Autopac and therefore is part of the license purchasing operation and therefore is not a premium payable to an independent insurance company.

MR. CHAIRMAN: (Resolution 59 Sections (b)(4) to (c)(3) were read and passed). Resolution - the Honourable Member for Rhineland.

MR. FROESE: This item, Recoverable, where do we recover it from?

MR. CHAIRMAN: (c)(3).

MR. CHERNIACK: These are charges made to other departments. I'm sorry. These are charged to other departments for services provided. There are a couple of the small departments whose accounting is being managed by our accounting in our own department - they don't have their own accounting departments within their own.

MR. CHAIRMAN: (The remainder of Resolution 59 was read and passed.) Resolution 60 (a)(1)--passed; (2)--passed; The Honourable Member for Sturgeon Creek.

MR. F. JOHNSTON: I just had to ask about 60. We have the Salaries down and the Other Expenditures up by almost double and I . . .

MR. CHERNIACK: The reason that the salaries are down is that there's been a change-over in the staff and the new incumbents come in at lower rates than the previous incumbents and that's really the reason for the salaries being reduced.

What we have found is the ever-increasing number of inter-provincial conferences that are taking place and really the Other Expenses relates to travel and that's it. Six thousand is travel and it's really - I don't know how you fight this thing. The fact is that it's very valuable to exchange information. The Federal Government is more and more involved in shared cost programing and they strike hard bargains and it becomes necessary really for the provinces to meet with them more often to explore policies and it is absolutely true that the travel expenses

(MR. CHERNIACK cont'd) . . . . . have gone up appreciably and yet there is no way out of it, we've got to be represented.

May I say that in this department we are vital to a number of other provinces. I say with pride that some of the material that is produced at these conferences from our department is extremely valuable and useful to the other provinces. We should send bills to them but they wouldn't pay them.

MR. CHAIRMAN: (The remainder of Resolution 60 was read and passed.) Resolution 61 (a)(1)--passed; (2)--passed; (b)(1)--passed; The Honourable Member for Birtle-Russell.

MR. GRAHAM: Mr. Chairman, under the Revenue Tax Branch or it could possibly fall under the next one, I was wondering if the Minister could indicate whether it would be under this section or the next one where the revenue staff dealing with the new tax on production machinery - will the increase in staff appear under Use Taxes Branch or under Revenue Tax Branch.

MR. CHERNIACK: I hope there will be no new staff. It's under the Revenue Tax Branch that that item will come but I've not been asked for it, I've not agreed to any additional staff for that purpose.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Is the rate still the same. I forget under the Act whether the rate that is being paid for the collection of taxes, especially the sales tax whether that is done by regulation or not. Has there been any change or any change contemplated.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Yes, there was a recent change to commissions on Tobacco Tax because we felt that the fact that we increased the tax didn't mean that there was any more work. If a man had to remit \$100 to us and now has to remit \$150 there's no more work for him and we have reduced the commission to the tobacco dealers, but that's the only one I recall.

Other than that I don't recall any reductions in this last year. Or increases I should say.

MR. CHAIRMAN: Resolution (b)(1)--passed; (b)(2)--passed; (c)(1)--passed; (c)(2)--passed. . . the Honourable Member for Rhineland.

MR. FROESE: Could we just have a brief explanation what is meant by "mining"? Especially . . . taxing a mining tax?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: This Branch is responsible for the administration of The Gasoline Tax Act, The Motor Fuel Tax Act, The Tobacco Tax Act, The Amusements Act, Part One of The Revenue Act (1964), The Mineral Taxation Act and The Mining Royalty and Tax Act. I can't give you a reason for the way it's called "Mining in Use" except to guess. I was not responsible for the naming of the Branch but the others are as I see them all "user" taxes, all the Acts I have mentioned are all "user" taxes except the Mining Tax so I would guess that the reason for the title is Mining and Use taxes.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, maybe this question that I have should come under Revenue but since Revenue comes under the budget and we are never itemizing it, is there any hope of getting increased revenues from mining? I think as far as the legislation is concerned there is provision for tax holidays and that an expansion took place but what are the prospects? Can we expect increased revenues rather than decreased revenues in this respect?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I don't recall how the Member for Rhineland voted when we brought in a bill doubling the mining taxation. He indicates he voted in support of the government which is a change for him and I thank him for it. We are always looking at opportunities for increased taxation and when we come to the House with them we don't get too good a reception I'm afraid. Actually mining income has been pretty poor lately. The world market has affected it and I would love to get more money out of mining but I don't think that we would be justified at this time with any increase in mining taxation in view of the world market and in view of the rates charged in other provinces. We do try to stay fairly much in line or at the lead in taxation but I don't think that there is an opportunity at this time to examine that with any feeling of returns.

MR. CHAIRMAN: The Honourable Member for La Verendrye.

MR. BARKMAN: On that same item, there is an increase of approximately \$55,000.00. With that additional help it surely can't be all -- additional salary or increase in salary.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Well there is no increase, Mr. Chairman, in the numbers of staff. The increase would have to be --(Interjection)-- \$56.7 thousand dollars is provision for all normal annual salary increments anticipated for 72/73 and the general salary increases in accordance with existing salary policy and existing MTA Agreement which terminates March 30th, 1973.

MR. BARKMAN: . . . the increase only then.

MR. CHERNIACK: It is not only the negotiated increase it's also staff increments that are paid. It's both together and there is no increase in staff at all. I said that earlier that we actually cut the department by .7 staff man years.

MR. CHAIRMAN: (c)(1)--passed; (c)(2)--passed; Resolution 61 in the amount of \$1,571,300 -- passed. Resolution 62 (a)--passed; (b)--passed; Resolution 62 in the amount of \$53,800 --passed. This completes the Department of Finance.

MR. CHERNIACK: Mr. Chairman, I'm sorry I'd like to have the Department finished. The other item is Public Debt. I indicated to the Member for Rhineland I wouldn't answer his question on public debt until we got to it. I suppose we ought to. Although I'm willing to leave it you'll let me.

MR. CRAIK: Mr. Chairman, are we on Public Debt now?

MR. CHAIRMAN: There's no resolution. This is a statutory debt. There's no resolution to discuss. There's no vote on it.

MR. FROESE: Mr. Chairman, on a point of order. I raised it under the Minister's Salary and the Minister said that he would discuss it later on.

MR. CHERNIACK: Mr. Speaker, I apologize. I really feel that I did stop discussion and you know, I'm quite prepared to debate -- to discuss this.

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: Mr. Chairman, at this point in the Estimates I want to point up what I think has been misleading on behalf of the government implying to the general public that the debt picture is in fact improved as the years go by and that the debts are lower now than it was before, and by way of saying that the dead weight debt has reduced. And, Mr. Chairman, if we look at this there is a column in the statement book here of expenditures which shows Public Debt and sure enough it does show 1973 that the Public Debt for the year ending 73, this year, is 10 million whereas the year ending 31st of March, 1969, it was 13 million. So if one looked at those figures I suppose he could assume that somehow the position of the average Manitoba citizen was improved because the figure was down. But when you look at the rest of the figures involved, interest on the Public Debt of the Province and expenses incidental thereto and Interest on Trust and Special Funds, which is the next line there, we see that the total for the present year is 39,098,300; and if we go back to the -- what I think is the same figure for the year ending 31st of March, 1969, (1) (a) which here is 38 million, say; in 1969 it was 20 million, 20,568,000. In other words the interest on the Public Debt incurred every year is double, just about double now what it was at the end of 1969. And as you go on down through the figures which appropriates that to the agencies you see that Telephones is 3 million now; at that time it was 2 million 3. Hydro which here is shown as 13 million 4, at that time was 2 million 3. And the Development Corporation there isn't at that point an entry for it; and the Agricultural Credit Corporation, there's no entry for it in 1969. And all of those show -- but anyway the story is that is it not more appropriate to present a clearer picture to the public of what the province's debt position is than giving this fictitious dead weight debt which doesn't say anything to anybody and can't be interpreted by anybody but an accountant -- and then when an accountant does interpret it he says, well this really isn't very meaningful even to an accountant, what you should do is be on some sort of a standardized procedure so that all the provinces of Canada can be looked at in an equal light and so that the people of those provinces and the country can tell exactly what their debt position is.

So I don't know what Public Debt Statutory actually stands for; I don't know what dead weight debt stands for; I'm sure nobody else knows what it stands for either except possibly the Minister of Finance and some of the people working for him. And it does seem to be more appropriate though to look at interest on the Public Debt which is in the current year coming up costing us \$40 million. That is the yearly cost of paying the interest on the debt in Manitoba



(MR. CRAIK cont'd) . . . . works out to about \$40.00 for every man, woman and child in the province this year and increasing likely in every ongoing year. The further question is how can you tell what Hydro debt really is because in the loan that was announced last week or two weeks ago, whenever it was, by the Minister of Finance, he indicated that there would be no repayments on that debt for the first six years, or six and a half, and by that technique what is happening is that the interest on the debt is being paid for out of capital, that the loan is actually -- is the interest -- does that interest during that six years actually show up in this calculation as an interest charge because if in fact we borrow \$150 million here from Hydro -- for hydro purposes is what's indicated in the previous item we were on today -- \$150 million at eight percent a year works out to roughly \$12 million a year in interest alone which means that if the government follows through that we might almost expect then the hydro interest charges to rise from this \$13 million or \$14 million up to almost double that by the end of the borrowing period when this next \$150 million be borrowed.

So, Mr. Chairman, the main point here is: is it not possible for the government to work out an accounting procedure that effectively tells us what our real debt position is, not dead weight debt or Public Debt, statutory or some other clause but some standardized procedure that tells the average taxpayer just what his debt position is. Those are the few remarks that I think have to be made here, and we'll be most interested to hear the Minister of Finance tell us whether or not in fact this can't be done and explain to us some of the questions that have been raised here.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, the comparison with 1969 is only valid if one goes back to well prior to 69, and those members who were present when Duff Roblin was the Provincial Treasurer I'm sure can envision him springing up with enthusiasm when the member who sat in the seat in which the Member for Riel now sits would make the kind of a speech, much much longer I admit than was that made by the Member for Riel and we would be treated -- it was the former Member for Lakeside, a former Premier of this province who would castigate Duff Roblin for the way he presented his Estimates in relation to Public Debt and we would have lengthy lectures about a dollar owed is a dollar owed and dead weight debt, self-sustaining -- Duff Roblin used to love participating in that because he and the Member for Lakeside were probably the only two who really understood what they were talking about and couldn't agree on it. And the rest of us sat back and just listened to them. But I don't intend -- I don't expect that I can give as good a presentation as Duff Roblin did and yet I would be saying very much what he did, if the Honourable Member for Riel can remember. Maybe he wasn't in the House when Roblin was the Provincial Treasurer but he would explain clearly the difference between dead weight debts and self-sustaining, and when the Member for Riel read that \$20 million figure I think it was from 1969 and compared it with some, I think he said 40 million, or close to it, this year -- the important factor is the self-sustaining portion.

Dead weight debt as I understand it -- and we used that expression a little earlier today -- is that debt which does not have revenue from which it can draw for repayment. And what is shown here in this figure of \$10 million being the total for public debt is the difference between the interest payable by the province and the monies it receives from the various Crown agencies which pay the interest and the principal of course from their own revenues. The point made by him -- and on that basis as I understand the figures which I don't have before me, actually our dead weight debt has reduced on a per capita basis and that is the dead weight debt is therefore less per capita for the people within the province. As I say I don't have the figures before me but I know the Honourable Member for Rhineland has the Wood-Gundy statement which I believe bears me out, but whether or not it does I know that I've seen statements that do.

The comparison with other provinces is very difficult. We've tried but we've not succeeded in establishing some standard form of reporting procedure of the various provinces. I understand that one of the toughest to understand is British Columbia whose financing is something that I don't quite comprehend but there again it would appear that their accounting is different to that of Manitoba.

Now the loan that we mentioned about, the Manitoba Hydro loan that was recently floated in Germany, on that principal starts being repaid in the sixth year. Interest however is paid annually and is shown and reflected in this item that's before us now. The principal is repaid by Hydro setting aside one percent annually for the Sinking Fund and four percent

(MR. CHERNIACK cont'd) . . . . interest on the Sinking Fund, all of which is set aside in preparation for repayment when the loan comes due or for general debt redemption. So that you cannot really take the gross figure and say that that is the situation Public Debt unless you want to get into the kind of debate that the members -- the previous Member for Lakeside, Doug Campbell, and the previous Member for Wolseley, Duff Roblin, used to get into and never resolved. They used to talk at great length and neither came to an agreement. I'm not in the physical condition to talk at great length but I will do my best to continue the debate if the Committee wishes to do so.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. JORGENSEN: Mr. Chairman, I like the Member for Riel, have always been a little bit confused as to how the figures are compiled indicating the real debt position of any province. In checking through the Wood-Gundy statement I notice that the last available figures that I was able to get indicated although there was a decrease in the net debt per capita, there was a corresponding increase in the contingent liabilities and guarantees and I wonder if the statement that was presented to the House just a while ago and one that was just passed on Capital Supply, would not now indicate that the contingent liabilities of the province now would be increased substantially even though the province may show a reduction in the net debt per capita. I note also that the Minister mentioned in British Columbia although they indicate no per capita debt whatsoever their contingent liabilities are considerably higher than they are in -- certainly considerably higher than they are in the Province of Manitoba, not the highest, which contingent liabilities in the Province of Quebec are pretty close to \$3 billion.

But is it not possible then to show a decrease in net debt per capita by simply using the technique of the capital borrowings to increase contingent liabilities rather than showing as a dead-weight debt on the province. I wonder if the Minister would care to comment if my remarks are somewhat close to the mark. I have thought about this for sometime and wondered if I was looking at the figures correctly or if I was perhaps being misled again by the figures that are often thrown at us by various departments.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Chairman, I can't really be accountable for Wood-Gundy statements. I can only say that the Public Accounts show the direct debt and the indirect funded debt, the guaranteed debt of the province. Stuart Anderson explained at the very first meeting we had of the Public Accounts how there are certain occasions when Hydro will borrow on its own, guaranteed by the province -- that's in Canada isn't it and U.S. ? In Canada that is the case. In foreign jurisdictions the lenders would rather lend to the province for purposes of Hydro, so the debts build up in that way. I don't know of any significant change from one year to the next on that. I can only say that when Wood-Gundy speaks of dead-weight debt they exclude the guaranteed debt as indeed they would the debt borrowed for the Crown agencies, since they are self-sustaining debts. So that I don't really think that the Member for Morris is right on track in that very direct comparison, although I won't say that with authority, I believe that in either case it would not be shown as dead-weight debt whether it were borrowed for a Crown agency or guaranteed for a Crown agency. In all the guarantees -- well I've got a list of the indirect funded debt, if honourable members would like to know what it is but mainly it is the utilities although there are some others and I could give that information if honourable members want it. Do you want it? Oh. The Member for Morris is indicating he would like it so I will read it out.

The Manitoba Hydro -- I'm speaking now of indirect funded debt as at December 31, 1971; that is the guaranteed debt. Manitoba Hydro 591 million 809 thousand and some dollars; Manitoba Telephone System \$168, 500, 000; Manitoba Water Supply Board \$5, 977, 000; University of Manitoba -- and may I interject, there's an indication that we dealt with earlier today about the University doing direct borrowing; University of Manitoba was 24 million 612 and some odd hundred dollars. None of that was borrowed during this government's time. Manitoba Development Fund 24, 915, 000. None of it was borrowed in our time was it Johnny? Guaranteed? -- borrowed by them and guaranteed - CPP? No that was more recent. Manitoba School Capital Financing Authority 97, 742, 000; Manitoba Agricultural Credit Corporation 8, 850, 000; Hospitals and Others 6, 404, 000. I think much of this is Canada Pension Plan money too. I do have another figure, Mr. Chairman, Sinking Fund Held for Retirement of Guaranteed Debt, Manitoba Hydro of \$53, 398, 931. 00. That's the Sinking Fund as at March 31, 1971.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: I wish to thank the Minister for giving us these figures. I noticed the interest amounts given for each of the various Crown Corporations and I'm wondering is that the total amount of interest that they're paying, or are there some amounts of interest that the corporations are paying on their own on monies borrowed prior to coming under this kind of setup or agreement; whether this is actually the total interest that is being paid by the province on direct debt and also on the Crown Corporations? Because I think at one time the setup was quite different and then the items shown under statute, the ones that we have before us now were very much smaller.

Now, Mr. Chairman, as you well know, the other day we discussed the unused authorizations which are going to be used within the next year. No doubt this will bring the debt up well over 100 million again. Then we have just passed Bill 16 which authorizes another almost 400 million, so that with those unused authorizations and Bill 16 almost amounts or roughly \$500 per individual in Manitoba, and certainly this means that within a year or so the interest on the estimates, the figures will be much, much larger, and that means that by passing Bill 16 today we automatically impose a tax on the people of this province. We have today actually passed a tax bill by doing this because there is no way out for the people, once the money is borrowed that the interest has to be paid. Not only the interest but also the principle payments and therefore a year from now this government will be looking for ways and means as to how to impose further taxes to get the revenue that they will be needing at that time. Five Hundred million is a lot of money and certainly means that at seven percent is another \$35 million. This is about double what we are paying now and this is what we are looking forward to and I don't think the people of this province would look very favourable to it if they were really told what the score is. I think the people should be told about this.

I know the Wood-Gundy report in a way I think is misleading because when we look at Manitoba's figure there, the per capita debt of \$27 in '41 under net public debt so --(Interjection)-- When you say the oldest what do you mean? --(Interjection)-- pardon? --(Interjection)-- Oh, yes I can do that. Starting with B.C. it's nil and has been nil since 1959 if honourable members want to know. And for Alberta the gross public debt . . .

MR. CHAIRMAN: Order! The time is 5:30. I'm leaving the Chair to return at 8:00 P. M. this evening.