

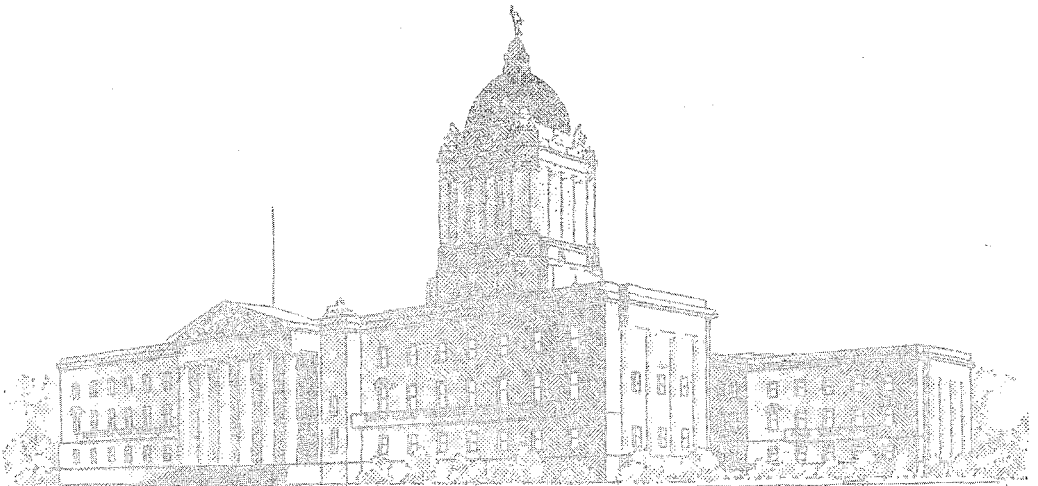


Legislative Assembly Of Manitoba

DEBATES and PROCEEDINGS

Speaker

The Honourable A. W. Harrison



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THE LEGISLATIVE ASSEMBLY OF MANITOBA
2:30 o'clock, Wednesday, October 18th, 1961

Opening Prayer by Mr. Speaker

MR. SPEAKER: Presenting Petitions
Reading and Receiving Petitions
Presenting Reports by Standing and Special Committees
Notice of Motion
Introduction of Bills
Orders of the Day

COMMITTEE OF THE WHOLE HOUSE

HON. DUFF ROBLIN (Premier)(Wolseley): Mr. Speaker, I beg to move, seconded by the Honourable Minister of Industry and Commerce that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee of the Whole to consider the following Bill No. 4, an Act for granting to Her Majesty certain further sums of money for the public service of the Province for the fiscal year ending 31st day of March, 1962.

Mr. Speaker presented the motion and following a voice vote declared the motion carried and the House resolved itself into a Committee of Supply with the Honourable Member from St. Matthews in the Chair.

Bill No. 4 was read section by section and passed.

MR. CHAIRMAN: Committee rise and report. Call in the Speaker. Mr. Speaker, the Committee of the Whole has considered Bill No. 4 and directed me to report the same and ask leave to sit again.

MR. W. G. MARTIN (St. Matthews): Mr. Speaker, I beg to move, seconded by the Honourable Member of Winnipeg Centre, the report of the Committee be received.

Mr. Speaker presented the motion and following a voice vote declared the motion carried.

Mr. Roblin presented Bill No. 4, an Act for granting to Her Majesty certain further sums of money for the Public Services of the Province for the fiscal year ending the 31st day of March, 1962, for third reading.

Mr. Speaker presented the motion and following a voice vote declared the motion carried.

MR. SPEAKER: Third reading of Bill No. 4. Adjourned debate on the proposed motion of the Honourable the First Minister on Bill No. 2. The Honourable Member for La Verendrye.

MR. STAN ROBERTS (La Verendrye): Mr. Speaker, during the past three years that this government has been in power, we have observed with great interest and some enthusiasm the manner in which the Ministers of the Crown have presented their programs to this Legislature and to the Province of Manitoba. The Honourable the Attorney-General some years ago -- two years ago, three years ago, presented a program to the province of great ideas, great forward steps, great, if I might use the expression "Liberal ideas" towards the penal system in Manitoba. The Minister of Health and Public Welfare has similarly presented cases to us of things they intend to do -- intended to do. But more recently and in more recent sessions each of these Ministers of the Crown along with the other Ministers have become less enthusiastic in the introduction of their programs, less optimistic, less sure of themselves; become a little on the defensive of what they said they were going to do -- ended up doing. And yet through all this, the First Minister remained enthusiastic. I personally like an optimistic person. However, the presentation of Bill No. 2 to the House by the First Minister was something definitely less than an enthusiastic presentation. It was one as the Honourable Member for St. John's has said, a defensive one, for he was definitely on the defensive in presenting his case to the people of Manitoba. He has become Premier of Manitoba with bright ideas and fortunately has found that he is not able to carry these ideas out because the things that he hoped for, the increased federal aid and the increased productivity of the Province of Manitoba just have not taken place. And without this extra source of money, he has not been able to carry out the program which he hoped to carry out, I'm sure. As I say, I like an optimist, but unfortunately the First Minister, I think, was more than an optimist, he was a bit of a dreamer because at the same time or shortly before he was elected Premier of Manitoba, a

(Mr. Roberts, Cont'd). . . . new Prime Minister of Canada was elected. The original procrastinator became at the helm of the Government of Canada. I think that this is a sad situation that a government that came in so full of enthusiasm and so full of good ideas should at this time fall short and apologetically present bills to the House calling for increases in taxes, admission of defeat in debates with the Government at Ottawa, agreements with the Government at Ottawa. So those are my first remarks and my first observations in this short special session.

Another sad thing, I think, or disappointing thing about this Bill No. 2, particularly with reference to the part of it which consists of double taxation -- the part of it which consists of an increase in the provincial tax -- the placing of a provincial tax in the Province of Manitoba has created a great confusion within the people of Manitoba, because it hasn't been difficult to see how easily the people of Manitoba have become confused on this for I would say almost every newspaperman in the gallery was equally confused on this issue. (Interjection) Well, the headlines on each issue of the newspaper for three consecutive issues changed on this subject. The first day they said the hospitalization premiums were cut by 50% -- not true. The second day they said that the income tax was increased by 1% -- not true. The third day they said that hospitalization premiums were cut by -- third issue, these are final issues and morning issues then the final issue again -- saying that the hospitalization premium had been cut in half. Once again, not true. And yet these people had copies of the Premier's speech. They had copies of the bill; they had copies of the information which they needed in order to study this problem. Something that the people of Manitoba did not have and the people of this House did not have. I think that this was perhaps a deliberate effort to confuse. I think it is an unfortunate situation, that a case as simple and straightforward as this of an increase in a tax could not be presented to the people of Manitoba in a manner in which they could understand exactly what is being done to them. I note, for instance, that this particular newspaper, Winnipeg Free Press, Tuesday, October 17th, which I have in my hand reports (Interjection) Free Press, October 17th, Tuesday, final edition, reports that the maximum hospital surtax charge to persons in the top income groups will be about 5% of the income tax. In lower groups the percentage will be lower on a sliding scale. Is there anywhere in Hansard we find this information? Is there anywhere in the bill we find this information? How did this newspaper reporter -- because it's been written under a by-line of a well-known newspaper reporter -- how did he get this information? With the House here in session all 57 members here located in the House -- not scattered over 57 parts of Manitoba -- this information of how the rate was to be applied was given to a newspaper reporter but was not given to this House despite continual questioning.

The report goes on to say Premier Roblin told the Legislature that the break even point, the point at which increased income tax is counter-balanced by the decrease in hospital premiums would be at around \$5,400 total income for a man with a wife and two children. I'll ask the First Minister did he make the statement to the Legislature?

MR. ROBLIN: I didn't write the newspaper report, either.

MR. ROBERTS: Did you not make this statement to the newspaper reporter? Did you not make this statement to the newspaper reporter?

MR. ROBLIN: Newspaper reporters write whatever they wish.

MR. ROBERTS: I asked you a simple question. With the House in session, this information, the very information that we've been arguing and debating for two days is given to a reporter of the Press in order to cover him over the people of Manitoba, with 57 members here expected to pass this legislation, and not one word about mention to the people here in this House who are here to vote on it. (Interjection) Nonsense! What part of it is nonsense? Is it nonsense to say that the rate that you will apply this 1% tax is not important to us? Is it nonsense to say who will be paying the shot on this hospitalization premium? Which part of it is nonsense? Is this not valid information for us? Have we not the right to know this? In my opinion a tax is anytime a government raises money from the people in order to pay for service provided by the government, and over the past three years since this government has been in office we know that taxes have gone up, and each and every time taxes have gone up, for instance originally the fees went up -- legal fees, fees for making certain applications, timber fees, land lease fees. These things were all denied. The government said "these aren't taxes, this is just increased costs". Then last year the government placed an increase on the

(Mr. Roberts, cont'd.) . . . gasoline tax and they said, "no, this isn't an increase in tax at all really, this is just getting us in line with the other provinces". Well, I must give the Premier of Manitoba credit today because this week he admitted he has placed a tax, an increase in taxes on the people of Manitoba. He won't say in plain language how much it is or who is going to have to pay it, but finally he has admitted to the people of Manitoba that to implement his program he must increase taxes.

I wish to register, Mr. Speaker, at this time in the strongest possible way I can, my protest concerning the powers given in Bill 2 towards the application of the rate of collecting the 1% provincial tax. As I said before, the people of Manitoba are a little bit confused as to how this is to be collected from them. And not only the people of Manitoba are quite a bit confused about it, I think some of the Honourable First Minister's own backbenchers are equally confused. For instance the Member for River Heights this morning very definitely stated that the government had no power whatsoever in determining the rate at which that 1% provincial tax was to be collected. Well, I'm afraid I'll have to read right from the bill the way it is worded in the bill. Section 6 - "In order to the raising of revenue for the purposes of the Government of Manitoba a tax at a rate -- and I'll skip the section here -- that rate shall be determined by order of the Lieutenant-Governor-in-Council and shall be that which the Lieutenant-Governor-in-Council conclusively deems necessary for the purpose set out."

MR. W. B. SCARTH, Q.C. (River Heights): On a point of order, Mr. Speaker, I said that the cabinet could not exceed the 1% set out in the Act, and neither they can.

MR. ROBERTS: Mr. Speaker, if the Honourable Member for River Heights will read his Hansard tomorrow he will realize what he said, he took exception to what the Honourable Member for Ethelbert Plains had said. The Member for Ethelbert Plains had said, "the rate will be determined by Lieutenant-Governor-in-Council." You said the rate will not be determined by Lieutenant-Governor-in-Council. The bill says the rate will be determined by Lieutenant-Governor-in-Council.

MR. SCARTH: If you'd read the bill you'd come to a different conclusion.

MR. ROBERTS: I'll read it again for you. I am sorry you weren't listening again. If the member for River Heights would just stay awake just long enough -- "In order to the raising of revenue for the purposes of the Government of Manitoba, a tax at a rate -- (and I skip here) -- and that rate -- (Interjection) -- All right, I'll read the whole thing. I'm sorry, I was just doing it to make it easier. If you want the whole shooting match I'll read the bill from end to end -- "a tax at a rate necessary to raise an amount that is equivalent of one percentum of the total taxable incomes earned in that taxation year in Manitoba by all individuals by whom a tax is payable under this section -- right? -- and that rate shall be determined by the order of the Lieutenant-Governor-in-Council".

Now who is the Lieutenant-Governor-in-Council? There they are. These people who sit in the front benches of the Cabinet of this government shall determine the rate at which that one percentum shall be raised. Is this good policy? Is this in keeping with our best parliamentary tradition? Should not this legislature determine the rate at which tax be applied, for who knows, a couple of years from now -- I'm giving you all the benefit of the doubt, Mr. Premier -- that you will apply this rate at the manner in which you feel is to the best advantage to the people of Manitoba and I probably will agree with you -- but a couple of years from now you may not be Premier and we will have a new Cabinet. Who will have the power to determine the rate at which that one percentum, or more, by that time perhaps, shall be raised? (Interjection) -- Yes, and that would worry me -- (Interjection) -- Well, that would worry me considerably. I'll admit it, that would worry me considerably, and that's why I say the Legislature must be the final authority on this, and I think you will agree with me, because of all the speeches I've heard, sitting up there before I managed to get a seat down here, heard you make, Mr. Premier, on parliamentary procedure on the rights of this Legislature, of this body to make decisions, to have you bring in a bill of this nature is thoroughly disappointing. We know perfectly well that this is in tradition, of course, with Tory government, because Mr. Diefenbaker had just pulled off a similar one over the past six months in Ottawa on the tariff bill giving the Minister of Revenue the power to determine certain rates on imports and so forth. We all know the battle that is taking place between the Senate and the government at Ottawa over whether or not this kind of ministerial, this kind of Governor-in-Council

(Mr. Roberts, cont'd.) authority should be given, and surely not in Manitoba too.

Now the Member for Ethelbert-Plains, this morning, came up with a very interesting point. It reminded me of the manoeuvres that are taking place in Ottawa at the present time over the past few months concerning nuclear weapons. It's a most fascinating process. Reading all the newspapers and the reports that come from Ottawa concerning this thing that the reporters have become prone to call "conditioning the public". In other words you see the Government of Canada conditioning the public towards Canada having nuclear weapons; then you see them conditioning the public towards not having nuclear weapons; then they're not sure, then they go back again (Interjection). One thing different about this government's conditioning of the public concerning this tax was the fact that they knew where they were going. They knew that they had to raise the taxes and so they have been conditioning the public towards it.

I attended a meeting not three weeks after the announcement that the hospitalization rates had been increased from \$4 to \$6 and from \$2 to \$3, where the Premier of Manitoba made a speech to a large crowd saying, "We did it, we're sorry we did it, we'll change it as soon as we can". (Interjection) -- Well then why did you do it, except to condition the public for this very move (Interjection)- I sat in that audience and was amazed that he wouldn't defend the move he had just made and yet he said, I'm sorry we did it fellows; we had to increase it and we will decrease it just as soon as we can". This is known as conditioning the public, I suppose. This is what's happened here.

MR. ROBLIN: I'd call that being honest.

MR. L. DESJARDINS (St. Boniface): That's a change.

A MEMBER: It sure is!

MR. ROBERTS: Well, the Premier very carefully avoided being honest on that particular case because he certainly didn't say anything about having to increase the income and corporation taxes in order to decrease the premiums. (Interjection).

The second portion of the bill, and I presume it's the first portion of the bill really, but the second portion which I wish to deal with, is the Dominion-Provincial agreement portion of Bill No. 2. And if the First Minister was defensive on his first introduction of the one percentum tax on taxable income, he was more defensive on his introduction of the Dominion-Provincial agreement that he is going to have to sign with Ottawa. Incidentally, while I'm on the terms of corporation tax and taxable corporation incomes and so forth, I do wish that the Premier, amongst other people, would refer to the taxes as being taxes on taxable income. I have heard the First Minister speak a number of times on the corporation tax, for instance. He refers to it as a 9% corporation tax; it's a 9% tax on corporation taxable income. He has referred to the 1% increase in tax at the present time. He calls it a 1% increase in tax on your income in Manitoba. It is not that. It is an increase on your tax -- 1% increase -- 1% on your taxable income and I think these terms are very, very important.

But to get back to the Dominion-Provincial agreement portion in Bill No. 2, once again the Premier was equally defensive in presenting it to this legislature. He tried to sell it to us, I think -- trying to read his speech over again and having heard it the first time -- on the basis that if we accepted this we would be in a better position to make bargains on other joint projects with Ottawa. Really I don't think we are quite that gullible and I don't think he is either. It is not businesslike. (Interjection) Were you interrupting me? Were you wishing to make a statement, Sir, because if you didn't say it, I'd like to talk to you about it.

MR. ROBLIN: There are so many corrections I should make, my honourable friend, I hardly know where to start, but I can say that on that one that I never lead to those two ideas together.

MR. ROBERTS: I would like to correct you. If someone would take the time to look up Hansard you will find that the First Minister speaking on Bill No. 2, I believe the day before yesterday, told us that this was the best deal he could make with Ottawa. However, he thought that therefore -- and I am sorry I cannot quote verbatim -- that therefore, we would be in a position to be able to make better deals on the joint projects that came up.

MR. ROBLIN: No.

MR. ROBERTS: You have been quoted in the papers on it furthermore. (Interjection) Surely the Premier knows a businesslike approach to an agreement between the Province of Manitoba and the Government of Canada is not one where the Province of Manitoba must

(Mr. Roberts, cont'd.) kowtow, must cater to every wish the Government of Canada has. Surely political history has taught us that appeasement does not gain ground. Surely we must know that each deal that we make with any Government, just like any deal that you make with anyone, or any deal I make with anyone, is a separate deal from another deal, and must be dealt with on its own merit. Surely we can deal with the Dominion-Provincial agreement on the merits of it itself without including any other arrangements we might be able to make with Ottawa on joint projects. We have destroyed; the destruction is now taking place of the greatest single principle in the former agreements of the Dominion-Provincial affairs, fiscal arrangements, and that is the principle of equalization. The principal that those provinces that have the head offices of the companies which do business in every one of our provinces, and collect the corporation taxes on them, and collect the personal income tax on them, should share with the other provinces the money that they have collected because that money rightfully belongs to the other provinces, the provinces which supplied the buyers for those products, supplied the branch offices. This is a simple principle, it's a principle that the Rowell-Sirois Report came out with and every party, as far as I know every politician agreed with, and yet today we are in the process of destroying that principle, helping to destroy it -- we are abandoning it, and doing it with the full support of the whole Progressive Conservative party of Manitoba. Now really!

Surely when the Premier of Manitoba who is also the Provincial Treasurer was in Ottawa making arrangements with the Government of Canada, discussing this program with the Government of Canada, discussing the amount that we will receive under the arrangements with the Government of Canada, had the figures of how much money would be in the kitty, and be dealt out to the ten different provinces, the estimated figures. Surely, he knew how much each province would get, yet he wouldn't give us these figures. Why? Was he afraid we would all then know immediately that Manitoba was not going to get it's per capita share. It's inconceivable that the Provincial Treasurer could make a bargain, which he has obviously done, with the other Premiers and the Government of Canada without knowing what each province was going to get, approximately, under this arrangement. And yet these figures are not available. Obviously the Treasurer of Manitoba hasn't got them, the Treasury Department hasn't got them, because they have been requested time and again, and the Premier refused to give them to us.

I can remember only, I think it was two years ago, in a very impassioned speech when the Premier, Mr. Speaker, was telling us about how he as a businessman here in Manitoba had made a great success of a small business which he had started himself. Well I assure you, Mr. Speaker, he did not do it using this same financial program, because when he went into business for himself he was watching the dollars and cents and making sure he got his share of the dollars and cents that were available to the people in the business that he was in. We are all in one country; every person across Canada should have equal opportunity. This we all agree in, and yet how can we have equal opportunity if people in certain provinces of Canada and one certain province in particular, receive larger amounts of money because they happen to be centrally located, to operate their services, their schools, their hospital, the services provided by government. This is equality? We have lost this equalization.

I can remember, Mr. Speaker, I think it was two sessions ago that I brought my family into an argument or a discussion in this House saying that if some member of my family felt that he or she wasn't being treated fairly they would go into a tantrum and they would kick their heels and they would squeal until they got fair treatment. Well the same thing applies here. There are six people in my household, the same number as there are provinces west of the St. Lawrence river, and when mother bakes a pie if we don't cut that pie into six equal per capita portions there is hell to pay. But if one province or one child in my family decides to get one-quarter of the pie, and the other five people in the family have to split the other three-quarters between them, is this equalization? Is this fair treatment to all? Do you think one of the other five would stand for it? There would be screaming, there would be tantrums, there would be everything, until there was equal treatment to everyone in that household, and surely we in Canada can stand up for the same sort of thing. We have one man and one government elected to represent us in Canada to stand up for us on this kind of agreement with our father. And what kind of a deal have we made? We have made a deal where we will receive

(Mr. Roberts, cont'd) . . . far less per capita than the other five provinces west of the St. Lawrence -- not far less per capita than the other five provinces -- than one province particularly, and the same amount as four other provinces west of the St. Lawrence River, East of the St. Lawrence River, we, I think, will all agree on this, we have a special case; we have the Maritimes who have a problem of their own and which has been recognized by both governments, the former St. Laurent government and the Diefenbaker Government; a problem which has been taken care of by the Federal Government where they receive increased grants, and to this I think we all agree. But once you get west of the St. Lawrence River we have six provinces which I maintain should receive equal treatment per capita. Then what has, gets. This is not very good philosophy, but this is obviously the philosophy on which this agreement has been written, for Ontario has, and it get's. Five percent of Canada's population lives right here in Manitoba. Are we going to receive five percent of the pot that's available to the ten provinces of Canada under this Dominion Provincial agreement? We are not; and if we are not we should let them know so.

I would like to conclude by recommending to the Premier of Manitoba that he should -- or suggest to him -- that he should have been scrupulously honest with Manitobans on this agreement, rather than apologetically as he did, sell us a bill of goods about this deal being not perfect, but the best we can do. He should have been honest with us; he should have told us the exact case; he should have told us how we fared and in comparison with the other provinces. It is not a satisfactory deal and the Premier of Manitoba knows it, just as every member of this House knows it, including the Member from St. Vital and by accepting an unsatisfactory answer by peddling to the people of Manitoba the story that this was a satisfactory arrangement, in my opinion, the Premier has abandoned his most solemn responsibility to the people of Manitoba.

MR. SPEAKER: Are you ready for the question? The question before the House . . .

MR. REID: Mr. Speaker, in my opinion Sir, I think first I will give my own view that I believe we should adopt this modified opening of future sessions of Parliament because I believe the first week we don't waste any time in preliminaries, and then the last week not rush through with business. Well, Sir, I have here the latest edition on economics in a Canadian setting by Mark Keith Inman, Professor of Economics and Physical Science of the University of Western Ontario. Here is his interpretation of income tax and use and abuse of same, quote on page 333: "Income tax: During the 20th century the income tax has become the chief source of public revenue in advanced countries. This levy is imposed on incomes of persons and corporations. Personal income tax: There are many advantages inherred in the personal income tax, it confirms more closely than any other type the concept of equity or justice in taxation. The progressive feature of income tax enables the government to absorb a large percentage of high incomes, thus the tax can be levied with considerable regard for the ability to pay. I want you to remember however that there is no scientific method of determining just how the tax rate should be graduated. It is essentially a matter of human judgment; at the best the tax reflects only a rough approximation of a person's capacity to pay. The incidence of the personal income tax is relatively certain as a general rule, since as the tax is being paid out of the income it does not effect the price of finished commodities or resources. Therefore it is difficult, if not impossible, to shift the income tax to someone else, and as well, our taxes are eventually paid out of income. This particular tax is a direct method of obtaining revenue; at the same time enables the government to determine where the tax burden rests. While this is true of the generalization, the incidence of income tax is by no means as certain as it was once thought to be. In deciding the salaries of their important officials, corporations may well take into consideration the income tax which such employees have to pay and raise salaries accordingly in order that the employees may have a given net after tax income". In other words, Sir, I believe that high salaries in big corporations in our Dominion are being inflated at the expense of the public to offset income tax. Thus price and services must be paid naturally by the public to maintain these high salaries.

The Honourable the First Minister was very eloquent and loquacious when he explained the income tax plan to this House the other day; but not so at the Dominion-Provincial conference held last February. Apparently he liked what he heard or he was afraid to express his opinion in contrast to the Prime Minister of Canada. Whatever the reason, Sir, he should have insisted that the old system of tax rentals be maintained as previously except for a new formula

(Mr. Reid, cont'd.)..rate. If that was impossible he should have demanded a larger percentage of the final 20% of the income tax. This will likely be only 20% of the income tax collected within the Province of Manitoba, and I am sure in a long range period that we will lose out.

I have here Sir, a copy of Bill C-122 July 12, 1961 - - a federal bill authorizing the provinces to enter the income tax field. No doubt Bill No. 2 as it is before us was incorporated after it pertaining to the income tax section. The section I'll refer to you Sir, will show what powers have been vested in the province for the collection of income tax, and I'll quote on Page 2, Section (G) and G(1). Page 2: "Standard individual income tax section (G): Standard individual income tax as applied to a province for a fiscal year means the amount as determined by the Minister that would be derived from a tax. G(1) On the income other than the income from businesses, of individuals resident in the province on the last day of the taxation year within the meaning of The Income Tax Act pending in the fiscal year." Which definitely specifies, Sir, that the provinces will only be eligible to levy personal income tax at the provincial level. Yet the First Minister made a statement the other day they are going to collect 1% of corporation income tax in their tentative plan. Maybe he has been given more power, I don't know, but I am sure that would not have been the intent of the bill because the original 9% of the corporation income tax is still the share that the Federal Government will pay back to the provinces. So I don't think we'll stand to gain much there.

Well, Sir, to understand and digest Federal Bill C-122 and also our present Bill No. 2 you would have to have the wisdom of a Philadelphia lawyer, as the old saying goes. So I will refer you to a copy of the Prime Minister's address to the Premiers of Canada, dated February 23rd, 1961, where very eloquently in precise terminology he gave this version of the financial arrangements for period to follow March 31st, 1962. I am sure some of the members are familiar with it, so I won't go into details of it, but will you give you the summaries of this bill, because I am sure the bills we have before us were patterned after it. First, Sir, on page 27, first paragraph -- "In terms of comparison with the tax rental formulas of 10-9-50 which came into effect on April 1st, 1957, and existing formula of 13-9-50 introduced by the present Federal Government, the formula now proposed will be by 1966 become a 20-9-50 formula. Moreover, there will be no restrictions on the freedom of each province to establish its rates of tax as it may so choose." Well, Sir, I think not only our Premier, but the other Premiers should have insisted on a higher rate than a 20-9-50, and certainly when the government was bragging the Federal Government would increase it to 13-9-50, that would just come about by the natural increase in the economy of the country and with no feather in the hat for the Federal Government. Note also that there will be no restriction on each province as to what rate they desire in a provincial income tax field. Next, Sir, I will quote on page 30, four paragraphs which actually summarizes this whole speech and the essence of our bill.

First, we have provided at federal expense for a considerable increase in the provincial share of the personal income tax. The additional federal withdrawal from this tax field by the final year of the agreement, we will have raised the provincial share by more than 40% above present levels. The proposed federal withdrawals in a three-share tax deal are such, that without increasing the overall level of taxes the provinces can by the end of the period be assured of one-fifth of all personal income tax collection, more than one-fifth of all corporation income tax and one-half of the estate taxes. Considering the heavy responsibilities of the Federal Government, we consider this to be a very generous proposal. In addition, the provinces will be quite free to impose the rates of taxation which they find necessary and thus to increase the provincial share of these tax deals beyond the amount represented by the federal withdrawal. Second; we have combined a greater freedom for the provinces with procedures which offer the hope of simplicity and uniformity. We have done this by offering to collect, without charge, any of the above taxes at the rate the provinces wish to impose; laying on them only this one single restriction that the tax base on which they impose their taxes must at all times correspond with that defined in the federal statutes. This we hope, will greatly simplify the task of the provinces and the problem for the taxpayer, and will give the advantages of freedom, while preserving administrative simplicity and efficiency. Third; we have combined arrangements to guarantee greater flexibility and freedom in provincial financing, with an improved formula for equalization which meets the problem of disparities in the yield of provincial revenues more completely and more realistically. The inclusion of a part of

(Mr. Reid, cont'd.) . . . natural resources revenue in this formula recognizes and corrects in a practical way one of the greatest financial disabilities of some of the provinces. There is no other single revenue source formula which we could have added to the equalization formula which would have done so much to equalize revenue sources, or contribute so much equity in the calculation of the fiscal need. Our decision to move the basis of equalization, to a national average is based on the financial realism. Naturally, provinces like individuals would prefer to be equalized to the top, but no one can seriously contend that equalization to the top is a practical goal. Fourth; in addition to the recognition of the need for equalization based on a broader concept of equality and fiscal need we have made additional, separate and special recognition of the peculiar disabilities of the Atlantic region. We have done so by increasing the level of these grants by 40%.

Well, Sir, the situation as I regard it by reading through this and reading the original bill, C 122 and our bill No. 2 is that possibly within the first few years we may not lose out, just break even, but in the long range program I am sure we'll definitely lose out. For instance if the economy of the Province of Manitoba did not keep pace with the rest of Canada we would definitely lose out in the income tax field. Second, if the economy of Canada should decline then we would lose out in our corporation income tax share and would be obliged to levy additional funds and thus raise the taxes for the people of Manitoba. In the second section, Sir, and I think the only part worth noting here is that the Federal Government will collect taxes at no expense to the Province; but on the other hand the public will not actually know how much or what percentages the provinces will be collecting, only knowing they will pay more income tax. In the third section, true, our First Minister agreed equalization whether at the right level. Then the Federal Government specifies that to give some relief to taxpayers provinces should use revenues from natural resources. But to my knowledge, Sir, the Province of Manitoba has been very reluctant to impose a fair share of taxation on our natural resources. The fourth section applies to the Atlantic region where grants have been increased to 40%. Well, I am sure, Sir, that at the rate that we're going down in the prairie provinces, that in the near future it will have to be applicable here. It is undoubtedly true when financial recessions set in that governments must find more sources of revenue, or raise existing ones; and it is also true that with conservative governments in power we have always had recessions as in the previous years and at the present time. With a conservative government in power in Ottawa and one in Manitoba we are actually in the throes of a financial recession and mark my words we would have exceeded the depression days of the '30's if it were not for private pension plans, sick pay funds, old age pension schemes and unemployment insurance plans. So we are just fortunate in that aspect. At no time to my knowledge, Sir, and it is recorded in history books that the conservative party never was, never has been, and never will be, the party that will benefit the majority of people of any country. The people should realize the legislation which a conservative party, especially when in power as government, refuses to implement on behalf the majority of people except when a strong pressure is put on them by a group of citizens, or they may reluctantly make a small contribution to raise the standard of living in it prior to election year.

Here we have, Sir, screaming headlines "Premiums to be lowered". Well, Sir, actually it is not the case. In the first instance the government should never have raised the premiums to \$6.00 and \$3.00 per month. This gave them quite a surplus and now when they get the power to implement the provincial income tax it will cost the public a lot more than the mere reduction in premiums, and the retroactive clause is just giving the people back their own money. Actually, Sir, I believe a separate bill should have been brought in--not incorporated within this income tax bill--but I guess the intent was to create this confusion, to make the people think on one hand they are getting a reduction and on the other hand to forget the income tax that's to take this slack up in reduction and actually increase their hospital costs. The Liberal Party, not in the House here, but it has been publicized in the paper is trying to go one better. They are advocating a complete abolition of hospital premiums, not saying how they are going to finance them, the whole scheme, but just partially, by taxing the sick people when entering the hospital at a time when they can least afford it. It seems to me, Sir, a strange coincidence that every time my party should just happen to mention a comprehensive health plan the conservatives and liberals are instantly against it. Now, for reasons unknown to me they are trying to outdo each other. Well, Sir, regardless of what opposition we get from these two parties we

(Mr. Reid, cont'd.) . . . will eventually get there. Saskatchewan was first with a hospital service plan and at a special session now they will likely pass a comprehensive medical plan.

With these few remarks, Mr. Speaker, I will definitely oppose a provincial income tax. I firmly believe the income tax should be a federal basis only, thus all provinces would receive a just share as the economy of this country progresses, but I am afraid once this bill is passed and the powers have been given the province to collect income tax they won't stop at that one 1% formula indicated by the Honourable the First Minister; thus with all the additional increases in taxes, at provincial, metro and municipal levels, people will find it very difficult to reside in the Greater Winnipeg area unless they earn about \$10,000 a year. Unfortunately, salaries are not inflated for ordinary citizens as they are for executives of large corporations as I mentioned in my opening remarks, and our capacity as citizens of Manitoba for any further increase in taxation has practically reached the saturation point.

MR. SPEAKER: Are you ready for the question?

MR. T. P. HILLHOUSE, Q.C. (Selkirk): Mr. Speaker, I wish to move, seconded by the Honourable Member for Ethelbert Plains that the debate be adjourned.

Mr. Speaker presented the motion and after a voice vote declared the motion carried.

MR. SPEAKER: Adjourned debate on the proposed motion of the Honourable the First Minister for an Address to his Honour the Lieutenant-Governor in answer to his Speech at the opening of the session. The Honourable the Leader of the Opposition.

MR. GILDAS MOLGAT (Leader of the Opposition)(Ste. Rose): Mr. Speaker, it's customary on this debate to extend congratulations to all the various and sundry events that have gone on during the year's changes and so on, but if you'll pardon me in view of the fact that this is a brief session only I shall hold those congratulations until our full session in the spring or early winter. I would, however, like to make two particular congratulations and that is to the mover and the seconder to the address. I felt that their speeches were very much in keeping with the tone of the speech itself, brief, to the point, and allowed us to proceed with matters at hand.--(Interjection)--That is what I propose to do at this stage. My honourable friend the First Minister says he hopes it's catching. Well I suspect that probably he wouldn't like to have the speeches that have been going on for the last couple of days.

MR. ROBLIN: Mr. Speaker, I can't claim the credit for that remark but I think it's a good one just the same.

MR. MOLGAT: I'm sorry I missed whoever it was--one of his colleagues then.

A MEMBER: The Whip.

MR. MOLGAT: The Whip was it? I frankly think it is catching. The speeches to date have been brief, to the point. My honourable friend probably doesn't like them because they bring home facts that are not too pleasant to him but I think it's well worthwhile; the people of Manitoba will gain by them.

I'm very pleased to see, Mr. Speaker, that there's such an interest in the House on my comments with regard to hospitalization premiums. I'm certainly delighted to see my honourable friends interested in this subject and I trust that they will agree completely with the proposals that I will make to them. Before going into them in detail, I want to reassure the Honourable Member--I'm sorry he's not in his seat--from River Heights; also the Honourable Member for Winnipeg Centre who is in his seat, we're really not planning on cutting meals down to one a day only in hospitals or putting two people in a bed as your questions this morning seemed to suggest. We have other plans in mind. But we do think that some changes are required in the plan and these are the changes that we are going to propose. I'd like to remind the House first of all and remind in particular my honourable friend who just spoke that almost all of the social security measures that we have in Canada today--and I'm referring to for example old age pensions, blind and disabled pensions, family allowance, unemployment insurance and universal hospitalization were instituted by Liberal Governments. (Interjection) My honourable friend if you would only go back and read what Mackenzie King wrote in 1919 before Jimmie Woodsworth had anything to do with the subject, my honourable friend would find that this claim of his is just so much . . . (Interjection) Fine! And the point of all this, the point of all this, that these measures were brought in through the years in a systematic planned fashion. They were brought in step by step as the economy could absorb them. Each one was brought in at the time when it could be afforded and wasn't an undue burden on the

(Mr. Molgat, cont'd.) . . . people of Canada; and each program as well has been changed and improved as the time, the circumstances went on, and as experience showed it necessary to change it. This has been within us--the tradition of our party and we'll continue to do this; we're quite proud of the system of social security that we have established in Canada. It is not finished; there's more to be done and we will be back in power to do more as well.

Now we in the Provincial Party have examined carefully the present hospitalization plan which we set up three years ago. We have no apologies to make in setting up that plan, and our analysis has convinced that the premiums should be abolished and that the necessary funds should be raised by some other means. I stated clearly when I made this announcement in the first place, and I repeat it now, that it is obvious that the hospital costs must be paid. This is not a promise of something for nothing but we believe that other and better ways exist to raise the necessary money. This is the position that we take. Now some critics will say--my honourable friend has said it--that they can't understand how come three years ago we set up a plan with premiums and here three years later we come along and advocate that premiums should be abolished. Mr. Speaker, I have no hesitation and nothing to hide on that score. When the plan was set up three years ago I'll remind the members of the House that there were only six provinces at that time in the plan. Now all the provinces of Canada share in it. This means that certain changes can now be made which could not have been done in fairness at that time to the provinces not part of the plan. In our view, Mr. Speaker, we have now had the experience of some years of operation; we've had a change in conditions; we feel that changes are necessary in the plan. My honourable friends admit this themselves by the changes that they are proposing, at least hinting at in the bill that they present to us. We are proposing improvements ourselves and I assure my honourable friend from the CCF Party that we will continue to propose changes to any measures and any legislation regardless of who backs it, ourselves or someone else. This is the position of our party. We believe that the experience of the plan has shown that the premiums are too burdensome on certain people in our economy. We believe that in keeping with the principle of "ability to pay", this change should be made and that the only way that you are going to get full application of the principle is to abolish the premiums.

Now then let's go on to how are you going to do this. Now I've had a lot of advice, and if I followed my honourable friend across the way, who is now the Premier, possibly I would follow that advice, that I shouldn't be explicit as to what our plan is, that I should be political and just go along in generalities. Well I don't propose to do that because the plan that we have, in my opinion, is sound. I propose to give my honourable friends the things that we think should be done. To begin with, if the premiums are abolished there will, in our opinion, be a substantial saving in administration. At the moment, from the report given to us last year here in the House, there are almost 300 employees in the Hospital Services Plan. The administration costs were approximately \$1 million four--in addition to that there were collection costs paid to the municipalities of something in the order of two hundred and some thousand dollars--almost a million and three-quarter in total. It seems to us that the premium system does account for a fairly large part of this administration cost, and if this was removed there would be a very substantial saving here. I would like to point out that this, if done on a national scale, would mean a similar saving in many other provinces who follow the same procedure. This to me is an important aspect. We all know today the tendency of governments to grow and grow. I think most of us here in this House feel that with expanding economies, with developing new problems we will be faced with new responsibilities, but none of us wants to see the administration costs grow any further than they have to. This is a method by which we can reduce administration costs--it would be a saving to all Canadians--Manitobans as well. There would, of course, be an incidental saving to other people and that is, any firms or any individuals who have to remit on a monthly basis. There is a fairly sizeable accounting factor to be considered; this would be a personal saving to them.

The first step then is to analyze the operation of our plan here and, first of all, see what avenues of revenues are available, what avenues of savings are available. In our opinion, many of them need exploration. One offered to us last year by the Willard Report, the construction of chronic-care facilities. I think, as well, that we should look further and see if there is a possibility of more encouragement for the use of out-patient departments. I think we need a more thorough analysis of off-set income and by that I mean, is the plan now

(Mr. Molgat, cont'd.) . . . subsidizing cafeterias in hospitals? Is it subsidizing board and room? Are we getting a realistic differential for the semi-private and private rooms? Is the plan subsidizing some other field which should be done by the Department of Education such as in the case of nurses and internes? These should be examined. Has the government made full use of the volunteer help that is available? My honourable friend from Rhineland mentioned that today in his comments. Has it made use of the Hospital Board? Has it consulted with them sufficiently to see what savings are available? What about the Manitoba Hospitals Council? It was set up under the Board. Has it met; has it been of value to the government; can it be useful? What about the Associated Hospitals of Manitoba? Have they been consulted with; are there avenues there to be examined? My honourable friend mentioned the comment that I made in the matter of co-insurance or deterrent charges. This was included last year in the statement made to us and presented here in the House. Two other provinces in Canada are presently using this plan; it's a variation, the two are not identical. They're variations from the plan offered, or suggested to plans suggested last year. We believe these should be examined. I think there is a factor here. My honourable friend says we're charging the sick. I think we have to face the fact that if a person is in hospital at least the food portion that he is getting there is a saving from what he would be getting if he's at home. No one is suggesting over-taxing the sick but we believe that this is an avenue that could be examined. Now these are some of the fields to be explored both to get greater revenue and to effect savings. How much is obviously open to discussion. My honourable friend, the Minister of Health, I see, is busy making notes and I presume he'll get up and give me lengthy reasons as to why there are no savings available. We believe that there are the possibilities here of important savings. There certainly are in the field of administration and there certainly are possibilities in the field of co-insurance.

Now having done all that we can to investigate these possibilities that are within our responsibilities here directly, I am sure there is one field in which the Honourable the Minister of Health and--well, I don't know about the First Minister--he's touchy on these points, but I am sure the Minister of Health will agree with me and that is that we have an absolutely fair and just claim on the Prime Minister for the inclusion of Mental and T.B. in our present hospital costs. This was a solemn promise made by that gentleman--first, when he was a member of the House before he became the Prime Minister or before election, and secondly, during the course of the election. This has not been fulfilled. My Honourable Friend from Ethelbert Plains this morning discussed this. This should not come just on the eve of the next election. It was a promise solemnly made some years ago and should be acted upon now; (Interjection) not as election bait. If my honourable friend will simply read from history instead of just talking he will find out a great deal of things that will be of very great help to him in his discussion. (Interjection) Not at all; we're proud of the record! We've got a fine social security system; there's more to be done but it's good. (Interjection) You'd like to but you'll never have the chance! So there is one field where there should be immediate payment--in fact we should have had that two years ago. We've been losing that ever since that time and it belongs to us, and it was a clear cut promise and there's no reason that we shouldn't be getting it. Now, we believe that with the ten provinces of Canada presently in the plan, that it's time to have a complete review of the whole Hospital Plan with the Federal Government because the circumstances are not the same that they were when only six provinces were in.

My honourable friend gave us figures last year on the percentage that the Federal Government is going to pay over the next period of years. As I recall them it's 36.8 percent. As I recall when we originally set up the plan--in fact I think if he'll check back on the speech of the then-Minister of Health, the original basis was that the Federal Government would pay approximately 46%. Certainly in the original offer it was approximately 50%, with the exclusion, I'll admit, of administrative costs. However, with this situation of the ten provinces now in, every one in the same position, we believe that it is time that this be considered on a national basis and set up on a national basis, and that the Federal Government should contribute substantially more than they are now. I would just like to say to my honourable friend, the First Minister, because I know what he's going to say: I'm asking too much, that the Federal Government shouldn't do this. Well, my honourable friend was asking for more than this; he was asking the Federal Government for \$25 million and I think he was right in asking that on the basis of the

(Mr. Molgat, cont'd.) . . . promises made to the people of Canada by the Prime Minister. Absolutely right! We should be getting it, and if we were getting it, there would be ample funds there to proceed and do this that we are talking about. And this is the attitude that this government should take. Instead of pooh-poohing this idea of removing the premiums, this is the position they should take and they should call on the Federal Government now to live up to its obligations and to do the things that they said they would do and this could be done in the Province of Manitoba. Well, my honourable friend is going to say, we can't convince them! He should convince them but if he can't convince them, then there is another method that we believe should be investigated, and that is the consideration suggested previously by my Honourable Friend from Selkirk, that if it can't be done on any other basis, then we should consider it as the same thing as the old age security tax or a special tax on the Federal Income Tax, and not on the provincial basis, because this is the only way that we will get a fair apportioning and a fair distribution across Canada; it is the only way that Manitoba can get its fair amount. This is the plan we propose and this is the plan that we will fight for. In our opinion it's right; it's fair, and it's perfectly workable.

Mr. Speaker, turning now to the federal-provincial arrangements, I said yesterday that we disapproved with many other aspects of the new plan, in addition to the factors that I covered yesterday, that is its particular disadvantages for Manitoba. In our opinion, the step that is being taken by the Government in Ottawa is to the disadvantage, the great disadvantage to Canada as a whole. I will not be long on these points. Some of them have been covered, but I think they must be set out clearly. We have been working for years towards a better Canadian tax system. The Rowell-Sirois Commission did a marvellous piece of work; they produced a report that probably affected the Canadian nation more than any other report at any time during our history. It made a complete change in the direction of our financial development and it permitted financial developments that would not have been possible otherwise. Following this report, I think my honourable friends know that Manitoba took the lead to see to it that these proposals were implemented. In this regard I want to pay particular tribute to two men, one of them who sat here as Premier and later as Minister of Justice in Ottawa, the Honourable Stuart Garson, who was one of the architects in the early days of these arrangements, and latterly, my colleague, the Member for Lakeside. These are the people who followed on the principles of the Rowell-Sirois Report, saw to it that bit by bit they were implemented, that from agreement to agreement there were improvements and from agreement to agreement, more provinces came in and it became a better system and a more workable system and simplified.

Now, what do we find, Mr. Speaker? The whole thing is thrown out of the window. The Honourable Donald Fleming says we want to go back to the Constitution. Well, Mr. Speaker, if he wants to go back to 1867 and if my honourable friends across the way want to go with him, that's their affair, but this is wrong for Canada. The basis of the Rowell-Sirois Report is still sound; it's still correct. It wasn't perfect, but it was a constant improvement and within our federal structure, was a sound and sensible arrangement. Now the point so far as the Canadian picture is concerned, this forcing of the provinces back into the income tax field lessens the ability of the Federal Government to do some of the things it should do in fiscal policies. It is quite conceivable at a later date that the policies of the Federal Government from a budget standpoint would be countered by the policies of the provincial governments. This is a weakness in our system entirely unnecessary. The new system that we have offered to us is a bit by pieces arrangement. If you look at it you find that there's a special deal first of all for the Atlantic provinces; well, we don't argue about that one. Then secondly, there's a special deal for Quebec, Manitoba and Saskatchewan, and that deal is a guarantee that during the next five years those provinces will not receive less than if the present arrangement had merely been extended. Then there's a third special deal for Alberta and British Columbia; they won't receive less, during the next five years, than they got on the average during the last two years of the present arrangements. Well, what sort of arrangement is that, Mr. Speaker? The only people who don't get a special arrangement under the setup is Ontario because they get the best arrangement right from the start and then just bits and pieces for everyone else after that. An unsound arrangement; an arrangement that has serious implication for Canadian unity; the reverse of what's been going on for some years under the past system.

Mr. Speaker, finally, the loss of equalization as we all agree here in the House, should be

(Mr. Molgat, cont'd.) . . . the process for Canada. Equalization to the top province, as I mentioned yesterday--asked by my honourable friends, asked by ourselves when we were on the other side--or even equalization to the two top, which is what we had before. Now, it's to be equalization on the national average. In other words, the low income provinces now will bring down the average. The new policy on equalization, Mr. Speaker, is the poorer you are, the poorer you get. The very reverse of the policy of equalization which was to bring up the poor provinces to the same standard as the top provinces--and this again on a sound basis. Mr. Speaker, we simply cannot agree that these arrangements are proper for Canada; they are a grave mistake. So far as Manitoba is concerned, I pointed out yesterday the severe loss that they are to us in comparison to other provinces. These agreements are wrong; we will oppose them.

Following on that, Mr. Speaker, I beg to move, seconded by the Honourable Member for Lakeside that the following words be added to the address in Reply to the Speech from the Throne: "But this House regrets that the Federal-Provincial financial measures imposed by the Government of Canada, and recommended to this Assembly by Your Honour's Government, represents a retrograde step in taxation policy in Federal-Provincial relations, a departure from the principles established by the Rowell-Strois Commission, a disregard of the concept of equalization as advocated by Your Honour's Government, and are contrary to the best interests of the Province of Manitoba".

Mr. Speaker presented the motion.

HON. GEO. JOHNSON (Minister of Health and Public Welfare)(Gimli): Mr. Speaker, may I begin, Sir, by wishing you the good health and best wishes in your duties in this House. As the Leader of the Opposition said, this is a short session; we're going to dispense with matters efficiently and well on this side of the House and for that reason we'll delay further recommendations and plaudits to you, Sir, till the regular session.

Now, I don't intend to speak at any length on the matter of Dominion-Provincial relations and in financing. Apparently, we've seen since this House began the honourable members opposite are all highly qualified in that field. At least judging by the fact that they all speak with tremendous authority, which amazes me. However, I'm convinced that no member of this House can get as good a deal and certainly cannot improve on the work of our First Minister over the past three and a half years in this whole matter of Federal-Provincial fiscal affairs, and I think we have had testimonials to that by members opposite. In this regard I might commend the CCF, at least they seem even more intellectually honest in expressing this during this session. But certainly as Minister of Health charged with the responsibility for the Hospital Services Plan, I must say three or four things to clear up areas in which I believe the Honourable Leader of the Opposition has brought in some real confusion.

I think it was within two days of assuming office as Minister of this Department when many farmers in my area recommended the solution as recommended by the Leader of the Opposition. These are the promised words, Sir, that we have been looking for since articles in the Press began to appear last summer, and recently last week promising ways and means of abolishing the premium from the face of Manitoba Hospitalization. In these numerous statements--if I understood him correctly, and as this farmer pointed out, it was quite obvious from the beginning that the administration costs of the plan once every Province in Canada was in, administration costs could be centralized by that authority paying all hospital costs. This was very obvious to everyone. Now, as I see it now this is the entire philosophy of the Leader of the Opposition. This is his contribution to the abolishment of premiums, that we simply have Ottawa pay the whole shot. Now, I'm sure he realizes that this will come to all provinces together if that should be the case.

He also makes another statement that savings can be effected within the plan by certain means. Now certainly it is our responsibility to operate this large utility in this province as economically and as efficiently as possible, but the proposals--I want to examine with the honourable members some of the ways by which he has been quoted in the press and confirmed by his remarks this afternoon, as to how he would bring this about. He is going to bring this about by removing the cost of certain education of nurses and internes within hospitals by making hospital cafeterias paying propositions with offset revenues; by getting federal sharing in mental hospital and T.B. costs. With these we are in entire agreement. Much like many of the matters

(Mr. Johnson (Gimli), cont'd.) . . . which have been brought up in the Dominion-Provincial fiscal policy as exemplified by the Premier, the expression of principles of equalization and stabilization as enunciated by the Premier, every province and every Premier has been pressing federally for the inclusion of mental and tuberculosis costs under the Hospital Plan as a shareable item. Incidentally, when we came to office, our predecessors had promised this, that they would include mental and T. B. and we put it into operation and assumed these costs as we came to office. The thing that is striking throughout this, that the Leader of the Opposition in giving these main suggestions or contributions and advocating the abolishment of a premium. He doesn't tell us just how he will do these things or indicate whether or not they'll work. Now, hospital boards are self autonomists; they get our every co-operation across the province. It is up to us at the hospital plan level to set up consulting budgetary services accounting in every field of hospital endeavour to assist local boards in the operation of efficient hospitals. He says in this, let us abolish premiums--of course when we look right back to the time when he was a member of the junta of his party, back in the days when they were in office, and bringing in of the premium system--at that time he listened to his Minister of the day give a twenty minute impassioned speech on the use of the term. I won't go into that now except to say that, in making the statement abolish premiums, you can make savings within the plan, in the meantime, that will lower costs. I think we can't let this go by unchallenged. Certainly in the area of deterrents, as money-makers, as a money-making device, I think the evidence was put clearly before all members during a discussion of the financial estimates of the plan last year, where the deterrent was shown at \$10. on admission to be mainly a money-maker in the area of \$800,000 a year in this total operation. There are many pros and cons, and at this point, up until this point, this administration has not seen it clear to impose such a measure. Certainly as a money-maker it is not going to make much difference.

Now, what I want to know with the deterrent of little money-maker or of little consequence in the total picture and possibly having some other bad features, the Leader of the Opposition has mentioned further things which we should examine a little more closely. In addition to the deterrent, you are still left with \$19 million to pay the education of nurses, taking them out of hospitals. Well I am sure the honourable members of the House will agree that this is a most retrograde step. Traditionally the nurses have been taught at the bedside; have been taught in hospitals where they become familiar with sick people; in their clinical training, and here is an area where Ottawa pays 50% of the cost in the sharing of these costs. We are now in the middle of carrying out a personnel report, a supplement to the Willard Report to try and find out just what our personnel needs are in the future. To examine the statement "remove the cost of educating nurses" would be a--to just say this without qualification is not making a great contribution in that area. Let's increase offset revenues of the plan, the suggestion offered by the Leader of the Opposition. Let's make sure the cafeterias pay for themselves, and then provide revenue for the plan. This is what I believe he is saying. Well, the plan isn't subsidizing them; they do charge for their employees; these things are made to run on a businesslike basis, and I don't think there is any more in that statement than to say that the cafeteria in the Legislative Building here should operate at a profit to subsidize the government.

MR. MOLGAT: You've got a bid! That's a good idea.

MR. JOHNSON (Gimli): Now I'm giving him some ideas, Mr. Speaker, but these are what the public should know. Let's get federal sharing of mental and T. B. We have heard that. The whole feeling that I received after listening to two days of this debate, Mr. Speaker, is that I am appalled at the lack of understanding of the activities of this large public utility spending \$40 million a year. For statements to be made that we can abolish premiums. We are not fooling the people. The people out in the hustings want to know what are we doing at this session. We all agree. We have had excellent leadership at the federal level by our Prime Minister in this province, by our First Minister in this province at Ottawa; that certainly no one opposite, despite their expert talk, could have done any better. Right from the beginning, we have played this plan straight. When we saw the costs were rising, when we saw the need for universal hospitalization, when we saw the benefits it was bringing to the people, we weren't prepared to pull in on those benefits. We wanted to maintain this standard of care for the people of Manitoba; to bring these benefits to the people. We played it straight. We upped that premium when the commission showed us the costs involved. Is my honourable friend suggesting I allow

(Mr. Johnson (Gimli), cont'd.) . . . a deficit to accumulate, such as other provinces did, and write it off? Not as a responsible Minister, and not as a responsible government were we going to let this occur. We played it straight and this is what perplexes the members opposite. This is a thing that is so hard to find in political life, to their knowledge, I believe, and having played it straight as soon as the First Minister found that he could offer a measure of relief to the large number of Manitobans who want that and require that measure of relief, he instituted necessary action. Not retrenchment and retreat, Mr. Speaker, but upward and onward, and that's just where we're going. (Interjection) Well, if you keep talking, my friend, on this problem you just deepen my understanding of how little you understand about the problems of hospitalization in Manitoba.

Chronic-care facility; now we hear this word creeping in. The Honourable Member from Ethelbert was really in orbit this morning. He still doesn't know chronic-care is included under MHSP. Now it is one of the first in Canada. My honourable Leader of the Opposition is making blatant statements to the Press about increasing out-patient department facilities. When he was in the "inner junta"--as the late Minister of Education used to describe the brass in the party--when he was there they gave benefits for 24 hours following an accident; within days of coming to office, days, we had included the longest list of outpatients procedures and developed this to a point where there's not a Province in Canada that I know of that offers the same coverage under our outpatient facilities. We have talked about nursing--voluntary help. We devised a policy within a month or two of coming to office, but we had to go a long way in encouraging voluntary participation in hospital endeavours. What was the record of his administration, Mr. Speaker? It was one of frustration. Hospitals for years have been coming to government for more and more assistance. Overnight, overnight, they were in the business--and that's fine; it was coming, and when it came, the volunteers came to me and said "Is there room for us, or isn't there?"--and this government decided with a 20% capital policy to go a long way in meeting voluntary help and in maintaining local autonomy in operation of our hospitals. This decision was made by this administration after coming to office. Chronic-care again--let me come back. In 1956, my honourable friend was a member of the party and he should have known this. The associated hospitals asked the government to look at chronic-care needs in the Province of Manitoba. As soon as we came to office and found out what we were up against we instituted the Willard Report, a most exhaustive study of the need for more facilities. To complement this we have been looking at other jurisdictions to find out new ideas in trying to help open the back door of \$20 a day hospital beds and bring the people back into the community. And he talks about his social program. Liberals instituted it--yes they talked state medicine in 1919 all right, and they are still talking about it; and they'll never be in a position to do anything about it. It is the same in social allowances. That social welfare was on the books from 1917. The only good thing about it was a chap named Johnson was in the government when they brought it in. The first Mothers' Allowance staff in Manitoba.

And after that Act we revised it; we brought it up to date and by jiminy we set a standard for Canada. (Interjection) We've got three hundred people out the back doors of hospitals--despite what anybody says in the Province of Manitoba--in their homes. We got extra cash in peoples' hands. Under Medicare we have the only comprehensive scheme of its kind, as comprehensive in the areas covered to date, in the whole of Canada. Now these are achievements which nobody wants to mention in this House, which I have to mention. I'd be letting down my staff and my government, who worked so hard to bring about a new social reform and a new deal for the people of Manitoba. We'll keep on doing it because my honourable friends, knowing as little as they do about hospitalization, will have to get lots of lectures, and I hope, even though they can't understand, by sheer osmosis, knowledge of hospitalization and health problems in this province will creep in.

Well, Mr. Speaker, I'm not sure of the Leader of the Opposition's philosophy. He's talking of let the Federal people do it all. How long are we going to fool the people of Canada--and at the same time that every man should pay his bit if he can in hospital care, because--nice word--What do they mean? Like that farmer in my constituency told me--a very smart fellow--the day I came in: "There's only one answer to the plan, Dr. Johnson, Federal sales tax; declare everybody in Canada insured". Now after two--how long?--three years, this is the answer that I am reading in the newspapers. But it takes understanding, gentlemen, and

(Mr. Johnson (Gimli), cont'd.) . . . certainly, Mr. Speaker, I know the Leader of the Opposition has a formidable job in front of him in pulling together the policy that his colleagues and he lived with up until now, and in switching to this new philosophy which is still a little beclouded. I think in this area we're going to have to give them some time--and I would suggest that we do so.

Now talking about administration--certainly I do believe that, and welcome, Mr. Speaker, from the Leader of the Opposition, and the CCF, constructive criticism, and I'll flatter the CCF today. They do come up with some very constructive criticism, and they know that we listen to it when it comes from such good speakers as the member from St. John's and the Leader of the CCF and others. We take these into consideration, because besides principles we're interested in people and we want to live with the principles that are right and honest and forward-looking in this province and at the same time we want to bring benefits to the people, and I think this is the difference, Mr. Speaker. This is what the battle is today. What are we trying to do for the people of Manitoba? All this confusion. We all believe in equalization and stabilization; we all believe in more money from Ottawa, and I invite all members to join the Premier's club for more money from Ottawa. Thank you, Mr. Speaker.

MR. MORRIS A. GRAY (Inkster): I wish you would reserve it for later on. Mr. Speaker, I beg leave to move, seconded by the Honourable Member from. . . .

MR. SPEAKER: Do you wish to speak again?

MR. ROBERTS: No, I just want to raise a point of order, Mr. Speaker, if I may do so before the Motion. We were all I think quite fascinated with the talk given by the Minister of Health, and therefore none of us wished to interrupt him, and I do get a little hazy on the rules sometime; but we are on an amendment to the Throne Speech, which has nothing whatsoever to do with hospitalization, and I think on the amendments we agreed to confine our subject. . . .

MR. ROBLIN: I would just ask you to read the amendment carefully, Sir, before replying to that comment, because I think that when one brings into question the whole of the financial measures that we have been discussing, it is obvious that the question of free hospital premiums depends entirely on the financial measures, and it seems to me that it is quite in order that that should be discussed when reviewing the general financial policy of the administration or in criticising the financial policy of the Government at Ottawa.

MR. ROBERTS: Of course, we are referring to income from the Federal Government but nothing concerning that which was introduced in the Throne Speech. (Interjection)

MR. SPEAKER: . . . I would think if nothing else would meet the situation, and "advocated by your Honour's Government and are contrary to the best interests of the Province of Manitoba", the Minister of Health could very well advocate that it was not contrary to the best interests of Manitoba and I think his speech was along that line. The Honourable Member for Inkster.

MR. MOLGAT: Mr. Speaker, before the Honourable Member from Inkster, I wonder if the Minister will permit a question. (Interjection) I enjoyed his speech. Does my honourable friend agree to a provincial income tax for hospital premium purposes?

MR. JOHNSON (Gimli): Mr. Speaker, this is the area that confuses me, when my honourable friend asks questions like that and makes statements in the Press like he does about this hospital plan. Of course I do. I believe within our ability, within the resources that are available to us, I have believed from the beginning that we should give to the large mass of people of Manitoba who need assistance with lowered hospital premiums, that measure of relief. This is the only means by which we and my government, or the government I sit on, and my Premier, as Provincial Treasurer tells me we can achieve this, and on this side of the House we are in unanimous approval for that reason. (Hear, hear.)

MR. MOLGAT: Thank you. For your second speech, do you not think the federal income tax would be a better system?

MR. JOHNSON (Gimli): Mr. Speaker, what's the difference? This, again. . . (Interjection)

MR. GRAY: Mr. Speaker, I beg leave to move, seconded by the Honourable Member from Seven Oaks, the debate be adjourned.

MR. SPEAKER: I would think under the circumstances that if there is any other member wishes to speak he should be allowed to do so. If not, I will put the motion.

Mr. Speaker presented the motion and after a voice vote declared the motion carried.

MR. ROBLIN: I beg to move, seconded by the Honourable Minister of Industry & Commerce that a special committee of the House, composed of all its members, be appointed to consider bills referred to it and the Attorney-General be appointed chairman of this committee.

Mr. Speaker put the question.

MR. ROBLIN: Mr. Speaker, I just want to make a brief comment on this, in respect of the fact that there are two matters in connection with the main bill that is before us; Bill No. 2, which bear on this resolution. I think it is quite clear from the practice of many jurisdictions, that matters of a taxing nature are referred to a Committee of the Whole House. In fact, it happens to be a standing rule in the United Kingdom, and is certainly the custom in Ottawa--and, incidentally, I observed that their measure on Dominion-Provincial fiscal relations was referred direct to the whole House. But members opposite have asked that it should be referred to a special committee, particularly in view of the complicated and technical nature of the taxing aspects which I freely agree are complicated. So, on balance it seemed to us that we would be justified in accepting the suggestion that we should follow this course, so the motion is before the House.

MR. MOLGAT: Mr. Speaker, I wish to thank the Minister for his statement and for having decided to take this step. I think it's right and I approve entirely and thank him for so doing.

MR. RUSSELL PAULLEY (Leader of the CCF Party)(Radisson): Mr. Speaker, I too agree. I think that this is the capital way of looking after capital. I wonder, though, whether it may be advisable or--I offer this as a suggestion to the Minister and to the House--I don't know whether there are rules that would prevent this--whether or not the special committee may meet in this assembly itself, where the acoustics are good and allow the witnesses or other individuals that may come before the committee to appear within this Chamber so that everybody could be heard.

MR. ROBLIN: I think, Mr. Speaker, that we would not be well advised to do that; that we should adhere to our usual custom in this respect.

Mr. Speaker put the question and after a voice vote declared the motion carried.

MR. ROBLIN: Mr. Speaker, I beg to move, seconded by the Honourable Minister of Industry & Commerce that the House do now adjourn.

Mr. Speaker put the question and after a voice vote declared the motion carried and the House adjourned till 8:00 o'clock this evening.