

THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Thursday, April 10, 1969

COMMITTEE OF SUPPLY

MR. CHAIRMAN: (b) (1) passed. The Minister of Agriculture.

MR. WATT: Mr. Chairman, I just wanted to answer a couple of questions that came up before the supper hour. The Member for Gladstone is not in his seat, but he was asking a question about Manitoba students going to the Veterinary College, the Western College of Medicine in Saskatoon. Our quota is ten entries per year and we presently have at the Veterinary College in Saskatoon three members in first year, we have four in second year and we have three in third year, and we have none in fourth year, but we have a quota in Manitoba of ten entries for registration at the College in Saskatoon.

The Member for Ste. Rose, the Honourable Leader of the Liberal Party, the Opposition, brought up the question of veterinary services throughout the province. He is not in his seat now, I'm sorry. I think we all recognize that there is a serious problem in the Province of Manitoba insofar as veterinary services is concerned and it is true that up in the Dauphin area, I believe there are two veterinary doctors working out of that area. But I think that I should remind the members of the Committee that we have legislation on our books which goes back to the time of the Honourable Member from Lakeside, which is permissive legislation that allows the establishment of veterinary districts and we have I think two in the province at this time. We are discussing with an area out in the Souris area of the province, the possibility of setting up a veterinary services area there. Under the present Act the government contributes \$1,800 on an annual basis to these areas which is matched by the municipalities involved — I believe I'm correct in this. We just have these two areas operating at the moment, I believe it's two but I think that I should say to you that we are considering, shall I say, promoting the establishment of these areas throughout the province in order to alleviate the problem that we have now.

Now the Member for Ste. Rose mentioned the possibility of technicians working with the veterinary service. Under the present Act under which we operate, the technicians are not recognized. It is not legal for a technician to go out and for instance, take a maternity case if he wants. However the Veterinary Association are considering a Bill at the moment which would legalize the -- (Interjection) -- Mr. Chairman, I didn't intend to inject any humor into this. -- (Interjection) -- I think I was all through, Mr. Chairman.

MR. WEIR: Mr. Chairman, did the Honourable Member from St. George have an announcement he wanted to make?

MR. WATT: If I could finish that question then. I was going to say that the Act that is presently being considered by the Veterinary Association which they will be presenting to the government for approval would legalize technical people or what do you call them — in this area — that they could operate then under a Vet in the given area. I think probably the point that the Honourable Member for Ste. Rose has brought up is a good one and we hope to be working in this direction that we will be able to approve the assistance insofar as veterinary services are concerned to rural Manitoba.

MR. CHAIRMAN: The Honourable Member for St. George.

MR. GUTTORMSON: Mr. Chairman is the province contributing at all to the Veterinary College at Saskatoon? It is my understanding that in past years the government has not participated in the cost of the college and therefore they put a quota on Manitoba students. Manitoba students are only admitted if they don't have sufficient students from the other provinces that do contribute toward the college.

MR. WATT: There is no contribution — I think that I probably gave, at least in part, a mistaken answer before the supper hour. We do not contribute to the college in Saskatoon. It was agreed between the Premier of this province and the premier of Saskatchewan some years back, that since students coming from Saskatchewan taking advantage of the colleges in Manitoba were not asked to — the Saskatchewan Government was not asked to contribute to the Universities in Manitoba and it was agreed that we should not conceivably be expected to contribute to that particular school. We do provide bursaries up to \$2,000 per student which is — well it's forwarded to them over a period of four years in \$500 denominations for each year. But there is no direct assistance to that college, that's right.

MR. GUTTORMSON: Well I'm informed that some students have been turned down from the school in Saskatoon because they didn't have room for them and for that reason, they said Manitoba isn't contributing toward the cost of this college so therefore we have no obligation to let them into our college. I know of a boy who just couldn't get his year in because of that policy.

MR. WATT: I'm not aware of this situation. I'm aware that our quota actually allowable to Manitoba is ten students entering into First Year. We have three entering into First Year as of now.

MR. GUTTORMSON: How many . . . at Guelph. Manitoba that is.

MR. CHAIRMAN: While the Minister is looking up the answer I would like to make a little announcement here. I would like to take this opportunity on behalf of all the Members of the Legislature to welcome a group of ladies and gentlemen in the gallery on my left, a group of people from Portage la Prairie. On behalf of all the honourable members of the Legislative Assembly I welcome you all here tonight.

MR. WATT: I can't give the honourable member the answer to the number that are at Guelph but the total number that are enrolled in colleges that the government are contributing to insofar as bursaries are concerned is 96 in all classes at the moment.

MR. GUTTORMSON: For the past number of years I have urged the government to build a new facility out at the University of Manitoba and last year I was given assurance by the former minister that it would be built last year. Now I'm told that no steps have been taken. Is this correct?

MR. WATT: No steps have been taken.

MR. GUTTORMSON: Well has the government changed its mind about it or what?

MR. WATT: I haven't got the answer to that question at the moment. I'll undertake to get the answer.

MR. GUTTORMSON: Mr. Chairman, the situation as the Minister well knows, at the University of Manitoba is certainly an unhealthy one. The quarters are very cramped, there is danger of

MR. WATT: Oh I'm sorry, I thought you were referring to a veterinary college. Were you talking about veterinary services?

MR. GUTTORMSON: Yes.

MR. WATT: Well I think I've answered that question about three times in the House already.

MR. GUTTORMSON: Well I'm sorry, I didn't hear the Minister.

MR. WATT: Well let me point out to members of the committee Mr. Chairman, that a veterinary services diagnostic centre, a feed testing centre, and soil testing centre will be built and I will be announcing it shortly.

MR. GUTTORMSON: This year?

MR. WATT: It will be under construction this year.

MR. GUTTORMSON: Thank you.

MR. CHAIRMAN: The Honourable Member for Gladstone.

MR. SHOEMAKER: Mr. Chairman, did I understand my honourable friend to say that while Manitoba had an allotment of 10 First Year students, that there were in fact only three from Manitoba in the class?

MR. WATT: That's right.

MR. SHOEMAKER: Well if that's right, then what's wrong that there are not more? Why is it that we only have three if we have an allotment of ten? Does my honourable friend believe that if we made a healthier contribution to the students that we would have a greater enrollment? I'm reading Mr. Chairman, from a magazine that you are well acquainted with I guess, the Canadian Cattleman, Sept. 1968 issue, and it says on page 53 "Lots of young people want to be veterinarians. In the spring of 1968 16 women and 194 men applied for admission to the fall term." But only three from Manitoba; how is that? It said "next year there should be room for 60 students. An advisory committee earlier decided the allotment should be 20 each from Saskatchewan and Alberta, 10 from Manitoba, five from B. C., and five unassigned, to make a total of 60." But in consideration of the fact that there is a real shortage of veterinarians in Manitoba, is there nothing we can do to at least fill our quota of 10?

MR. CHAIRMAN: (b) (3)--passed; The Honourable Member for La Verendrye.

MR. ALBERT VIELFAURE (La Verendrye): Mr. Chairman, we're on the Veterinary Services, aren't we? I just missed part of this discussion, Mr. Chairman. I was called to the phone. I would just like to reiterate my plea actually for the veterinary services to be built and I would just like to read here what was said to us last year by the former Minister of Agriculture when introducing in this House Bill No. 96 which was actually the Manitoba Agricultural Credit Corporation, and at that time the Minister of Agriculture had a great deal to say about the future facilities - and I'm quoting from Page 2194 of 1968 Hansard, Mr. Chairman. The Minister said: "This is a portion of the Bill that will now enable the corporation to own, lease and operate facilities, physical facilities, and it is envisaged that rather than setting up new management or new management themes that with the provisions of this Act that we could commence immediately in the construction of an agricultural service complex that would without a doubt be perhaps the finest in this country. We're thinking here in terms primarily of making good an election promise that was made by this government in 1966, a very modern and fully equipped veterinarian services laboratory building. -- (Interjection) -- '68? We're in '69. So I just wanted assurance that the new Minister of Agriculture would be aware of that promise. I'm sorry I didn't hear the answer awhile ago, I know the discussion was on. Can we expect the building this year, Mr. Minister?"

MR. WATT: I've already answered that question and I'm not prepared to say what my honourable colleague calls "immediately". But I have already said in the House before the honourable member came in that we would be commencing construction on this service area in 1969. -- (Interjection) --

MR. VIELFAURE: Could we have the location as well, Mr. Minister?

MR. WATT: In Manitoba. I pointed this out to the committee.

MR. CHAIRMAN: (b) (3)--passed; (4)--passed; (5)--passed; (b)--passed (c) (1)--passed; (2)--passed; (3)--passed; (4)--passed.

MR. EDWARD L. DOW (Turtle Mountain): ... on Extension Service? This afternoon, Mr. Chairman, we listened to quite a lengthy debate on the future of agriculture and the thought came to my mind, what can we do for agriculture currently and to perpetuate the industry we have in Manitoba? And when we stop to think, the one source we have is the training of the younger people to be interested in agriculture through the Extension Service. To those of you that have had some experience working with these people, organizing and helping the Ag Rep and the Home Economist, there isn't anything that I've done that I've had a better liking to and a greater degree of satisfaction than working with these people. When you consider the interest that is in this type of work, and I take a look at the expenditure which does not increase very much each year, I'm just wondering if we're putting enough effort into our endeavours and our interest in promoting agriculture.

It seems to me that a year ago or two years ago, promises were made that the Home Economist districts would be decreased in size so there would be more in operation in the rural areas. These people are doing a wonderful service for agriculture and to me I think the expenditure is not high enough, we're not doing enough, because here is our future. No matter what programs we put in as national policies, as federal policies, as international policies, unless we have the interest of the young people to continue this industry of agriculture, we're not going to be able to meet the challenges. I think it can be proved in certain areas of Manitoba where the farmers have taken advantage of the Ag Reps and the Home Economist work in Extension Service work, that they have come to the current thinking and promotion of agriculture, and doing it successfully. So I would like to ask the Minister if he's got a plan that he can extend with more emphasis on the Extension Service work in Manitoba.

MR. WATT: Mr. Chairman, I think that if I were to go through all the notes here on Extension Service that we'd probably be here all night, but I think that our Extension Service Program is an outstanding program in the province. The Honourable Member has mentioned Home Economist classes. We have 23 courses reaching 595 of the rural women that are actively engaged in these programs throughout the province. Insofar as the 4-H is concerned, we have 4-H clubs all over the province that are being supported by the Department of Agriculture and I think that insofar as the young people are concerned in the province that our programs are extensive.

If the honourable members of the Committee wish to take the time, I could go through all the notes that I have here on the Extension Service, but I think they can be found in our Annual Report.

MR. CHAIRMAN: (Section (c) was read section by section and passed.) (d) (1)--passed;

MR. MOLGAT: Mr. Chairman, what is covered by that program?

MR. CHAIRMAN: The Member for Burrows.

MR. HANUSCHAK: Mr. Chairman, with respect to agricultural development, I would presume that this also includes the matter of research. I would like to draw to the Honourable Minister's attention...

MR. CHAIRMAN: Pardon me. Research is on (5). Research is No. 5, on the next page.

MR. HANUSCHAK: Very well. Thank you very much, Mr. Chairman, I'll deal with this item there.

MR. CHAIRMAN: The Honourable Member for Portage.

MR. JOHNSTON: Mr. Chairman, I don't quite understand all the facets of agricultural development, but I have a question to ask the Minister that I think may be covered under this heading. I'm talking now about water rights and irrigation from provincial waterways, specifically I'm talking about the Portage Diversion. From time to time in the Portage area we've had various agricultural experts come out and give detailed talks and encourage the farmers in that area to go into certain types of crops that require irrigation and I would like the Minister to explain or tell the House if he has any forward looking plans to use the Portage Diversion and like works in the province to hold water in them and to sell water-- I presume, as they do at the Gardiner Dam and Diefenbaker Lake operation -- sell water on a per acre basis for farmers who wish to engage in specialized type of agriculture, and if he could tell the House if his department has at present any plans for the holding of water in the Portage Diversion to sell throughout the growing season to farmers in that area.

MR. WATT: Mr. Chairman, the Portage Diversion is not completed and at present the Department of Agriculture I don't believe have developed plans up to this point on the sale of water for irrigation. I could take that question as notice and check into it, but I doubt it.

MR. CHAIRMAN: (d) (1)-- passed....

MR. MOLGAT: Mr. Chairman I asked the Minister what programs were covered under this, what does the half million dollar expenditure cover?

MR. CAMPBELL: Mr. Chairman, I think the Minister will find when he gets his notes together there that this is really a companion item of the earlier one, Extension Service, and that this particular one is the ag rep and home economist part of it. Is that not correct?

MR. WATT: Yes, this is correct, Mr. Chairman. I thank the Member for Lakeside. There are 38 agricultural representatives and their staff throughout the province and in total these areas are serving directly from 800 to 1,500 farms which comes under this department.

MR. MOLGAT: Is that all that is covered by the expenditure then, strictly ag reps and home economists?

MR. WATT: Well, it does include under this program farm management, conservation of natural resources, 4-H and youth programs and efficiency and production market, home and farmstead improvement, community affairs and development.

MR. CHAIRMAN: (The remainder of Resolution No. 7 was read section by section and passed) No. 3. Agricultural Societies. (a).....

MR. GUTTORMSON: Mr. Chairman, I'm informed by officials of the smaller Fairs that the grants that are being proposed for this year are lower than the past years. What can the Minister tell us about that?

MR. WATT: Well, actually our grants are not down in total over the province to agricultural fairs but we have established a new grant structure actually insofar as grouping is concerned. We have established agriculture fairs throughout the province in five groups and in effect there is a ceiling put on each group which will represent the province's contribution. Now to say that they are either up or down both would be incorrect because in some cases they could be cut back slightly and in some cases there is some room for expansion insofar as individual fairs are concerned.

I think the members of the committee will realize that actually in this province our grant structure is considerably more generous actually I think than any other province in Canada whereby the province contributes 65 percent to the grants insofar as prize is concerned and we do I think grant fairly generously insofar as capital construction is concerned. This does not apply to other provinces. By and large I think that we are justified in setting up the structure that we have now. This has been considered by the agricultural association for the

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(MR. WATT cont'd) . . . province, that is the Agricultural Societies Association. We have been working in close - or my department has at least - in close co-operation with this society and there's general agreement on the total new grant structure actually insofar as the maximums are concerned. It is true that there are odd spots actually that are not completely satisfied with the group under which they have been put into, but by and large it has been accepted throughout the province.

MR. GUTTORMSON: Well isn't the Minister concerned that this is going to hurt the smaller fairs who are struggling to go ahead, by cutting back on the grants to them?

MR. WATT: We are not necessarily cutting back on grants to smaller fairs. Smaller fairs have not been singled out for restriction or for cutting back. I believe that there's only one fair up to this point that have considered that they have been cut back, but on. . . . Let me point out first to members of the committee, Mr. Chairman, that the establishment or the grouping of these fairs was done on a five-year average and some of them have, you know rapidly jumped in probably the last two years which does bring their average up. But by and large it still does leave room for expansion, eventually it may cost us more money, but I must say, Mr. Chairman, that we are not making a point of cutting back on small country fairs.

MR. GUTTORMSON: Mr. Chairman, it's been brought to my attention by some members of the executive of the Lunder Agricultural Society that they feel that the new grant structure is hurting them, that they're reduced now; I haven't got the data at my fingertips. I hope to have it in the morning. But they don't seem to feel that the changes made are going to benefit them.

MR. WATT: I've had no representation from Lunder Society.

MR. MOLGAT: Mr. Chairman, would this be the item under which the Brandon Fair would come, and the request from Brandon for extensions to their building there and the development of a new complex? -- (Interjection) -- It does? I wonder if the Minister could inform us where that matter stands now.

I know that in the course of the past three years or so both the Brandon Exhibition and the Red River Exhibition have been approaching the provincial government and the federal government for additional grants, largely for the construction of new facilities. The Brandon Fair is the major fair in Manitoba and I'm told that the facilities there are not up to facilities available in other provinces. I wonder if the Minister could tell us what are the plans. Will he be proceeding in our Centennial year with projects at Brandon and where does the matter of the Red River Exhibition stand?

MR. WATT: Well, Mr. Chairman, I think I should point out first to the Committee that the first move insofar as Brandon is concerned is up to the people in Brandon, that is the executives of the two fair boards - the summer exhibition and the winter fair board. I met with a Committee that has been appointed from those two groups at the evening of their first day of their fair and I understand that they are coming very close to amalgamating or at least getting together on a common project.

I should point out, Mr. Chairman, to members of the Committee that the status actually of the winter fair building is probably the first obstacle that has to be dealt with, the disposition of this building, before any new complex could be considered. The agreement goes back to the time of the Honourable Member from Lakeside actually with the City of Brandon, that there are strings attached there that the City of Brandon have - they are in effect the owners of that building, but there is a commitment that they must make a home for the winter fair people. Now we may possibly be asking the legislature to pass legislation which would relieve that obligation insofar as the City of Brandon, provided that they can come up with an agreement between the two groups that will establish a legal entity that in effect that authority could be invested in to be responsible for both fairs. And in this particular case provide a home for the Brandon Winter Fair. Until they have completed their part of the first steps towards the possibility of a new complex at Brandon, I don't think that we're in a position to make any move.

MR. MOLGAT: Mr. Chairman, I take it then that the next step is up to the Brandon group and there must be amalgamation between the winter fair and the summer fair, and that this is now in process. Now should they accomplish this, is the Minister going to recommend to the House the expenditures for capital purposes that have been requested by both groups?

MR. WATT: Well let me put it this way. The group that would be accepting the two groups into amalgamation, as you are aware, are the Keystone group, and I did meet with those people in Brandon, with Mr. Olson from Ottawa and I think probably there should be

(MR. WATT Cont'd.).... some discussion between myself and Mr. Olson before the provincial government makes any commitment. I'm curious to know what the Federal Government may do on this before we start handing out money in reasonably large quantities which they will be looking for.

MR. MOLGAT: Mr. Chairman, we're making progress in which I know you're very much interested, Mr. Chairman. We have it now then that if both Brandon groups do get together the Minister then says now that he will have to discuss this further with the Federal Government. Has the Minister recommended to the Federal Government a cost-sharing arrangement?

MR. WATT: I don't know what the costs will be.

MR. MOLGAT: Has there been a formula suggested? I think in fairness that the Keystone group have suggested a figure, have they not? Well if not has the Minister - has he recommended a formula to Ottawa?

MR. WATT: No, Mr. Chairman, I don't think there is any point in the provincial government taking the initiative on this until we know the first steps that have been taken insofar as the Brandon people are concerned. -- (Interjection) --

MR. MOLGAT: The First Minister says - I'd like to get him on the record in this - the same formula that was used at Vancouver would be acceptable to the Province of Manitoba? Oh, but there are other factors, as the First Minister well knows. Now I think the Minister's also been approached by the Red River Exhibition in Winnipeg insofar as facilities here, as well as the Federal Government. Can the Minister indicate if there is any progress in that direction?

MR. WATT: No, Mr. Speaker, I have no formal approach from the Red River Exhibition people.

MR. MOLGAT: There's been no formal approach to this Minister? Were there approaches to his predecessor of which he is aware?

MR. WATT: He hasn't mentioned it to me.

MR. CHAIRMAN: The Honourable Member from Portage la Prairie.

MR. JOHNSTON: Mr. Chairman, I'd like to ask the Minister to explain the formula whereby the grants are given to agricultural societies. I'm thinking now about communities like Morris and Swan River who have changed the direction of their operation from a strictly showing of prize cattle and swine and horses and so on, to a more of an entertaining type of operation that draws the crowds. I would like the Minister to explain perhaps to the members the formula whereby the grants are set. Are they based on the crowds that are drawn, are they based partly on the prizes offered in all the various classes? I know that some of the directors of the Portage Fair are interested in re-examining their operation in this regard and perhaps the Minister could detail to us how the grant structure is made.

MR. WATT: Well the Director of Extension Services and his staff have been working on this for some time and I'm not completely aware exactly how it was arrived at, but it was arrived at first on a basis, which I pointed out earlier, on a 5 year average that was taken of the prize money paid out and I think of course that there was general assessment of the different areas in.... Well the initiative of the people themselves, for instance, the interest that there was in their particular fairs. I should point out to members of the Committee that two fairs have voluntarily simply dissolved their corporation this year and probably there are others that may be doing so. Off the top of my head I couldn't name any right now but I think the general picture of agriculture in the communities had something to do with it. And again I say that I'm satisfied that this was in general agreement with the Manitoba Agricultural Society organization.

MR. JOHNSTON: Mr. Chairman, does the Minister have a list of the grants that are made to the fairs of the province? Could he read them into the record?

MR. WATT: I don't think I have them here, Mr. Chairman, but I could make this available to the members of the committee - the whole grant system over the province for all societies. It's in the hands of all societies now - or at least the formula is and I'm not sure about the individual fairs, but I'm quite prepared to give that information to the Committee.

MR. DOW: Mr. Chairman, do you have the total number of "C" Class Fairs, "B" Class and "A" Class, and the grants to each group?

MR. WATT: I could make that information available, but I could give you the grant structure. In category 1 the maximum grants will be \$500.00; in category 2, \$1,100.00 and

(MR. WATT Cont'd.).... category 3, \$1,500.00; category 4, \$2,000.00; and category 5, \$2,400.00.

MR. MOLGAT: Mr. Chairman, just to finalize the situation at Brandon. I believe it's the desire of the Keystone group to have this done as a centennial project for 1970. If the two groups can get together, will the Minister be prepared to make a proposal available for 1970?

MR. WATT: I first have to find out if these groups will be coming together. I believe they will but I don't know, but it could happen.

MR. MOLGAT: Mr. Chairman, I don't like to run around the subject six times, but the Minister at the outset said that it depended on the two groups getting together. Now if they do get together, will he then be prepared to commit himself?

MR. WATT: I'll certainly be prepared to consider what the government will do at that time.

MR. CHAIRMAN: 3 (a)--passed (b)--

MR. CAMPBELL: Before this one was passed I would like to commend to the Honourable the Minister the type of arrangement that he spoke on a moment ago himself, the one that had been entered into some years ago with respect to the present Winter Fair Building, and I would hope that when these plans materialize, I certainly join with my Honourable Leader of the Opposition in suggesting that there be full co-operation with the Brandon groups in this regard, but when those arrangements are completed, then I would urge upon him that he follow the program of some years back when that arrangement was made and write right into the contract that the interests of agriculture are paramount. This has been the lifesaver to the Winter Fair people up there through the years and I think you will find that that is practically the language that is used there, and that although arrangements are made for the use of the building for other purposes, that the interests of agriculture are to remain paramount.

In these times -- and I'm not only not opposed to sport, I'm completely in favour of it. Incidentally, the last report I had on the hockey game was that Boston was leading 1 to 0, but I'm not against -- (Interjection) -- 2 - 0? It just goes to show that people in preferred positions get information not available to the rank and file of the membership. Well, they're doing very well anyway. I'm not opposed to sport and I'm certainly not opposed to the other community services, and a great many community services can be promoted in this area and Brandon is one of the best communities in Manitoba in that regard, no question about it. You, Mr. Chairman, are pretty familiar with the situation and the Honourable Member for Brandon certainly agrees, but these are the agricultural estimates, and let us remember when we're dealing with the arrangements that are made under the agricultural department that the interests of agriculture remain paramount in those discussions, and if someone wants to make use of facilities for a variety of other purposes, then let my honourable friend the Minister of Tourism and Recreation or my honourable and energetic friend the Minister of Industry and Commerce, let them develop something and remember that agriculture is the key industry of the Brandon area. The Wheat City has been founded upon that and its continued existence is what is going to keep Brandon a great area in the future as it has been in the past.

I'm not suggesting that there would be any lack of co-operation and I have great regard for the way both boards have operated in the past there, but they need the protection, when they get dealing with some of these other interests, they need the protection similar to that which was written into the arrangement of years ago when, if you ask those who are "in the know" up there, they'll tell you that that particular phrase has been a pretty useful one through the years.

MR. LYON: Committee rise.

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

IN SESSION

MR. M. E. McKELLAR (Souris-Lansdowne): Mr. Speaker, I beg to move, seconded by the Honourable Member for Pembina, that the report of the committee be received.

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

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MR. LYON: Mr. Speaker, I would ask you now to call the Committee of Ways and Means.

MR. SPEAKER: The motion that the House resolve itself into a Committee. The Honourable Minister of Finance.

MR. EVANS: I beg to move, seconded by the Honourable Attorney-General, that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider of Ways and Means for raising of the supply to be granted to Her Majesty.

MR. SPEAKER presented the motion.

COMMITTEE OF WAYS AND MEANS

MR. EVANS: Mr. Speaker, in moving this famous motion, I would like to sound one note of regret tonight, a personal regret, that the Leader of the New Democratic Party is not with us. The Member for Radisson - if I'm right, and I, began in this Chamber sitting side by side on the back row. Where the Honourable the Member for La Verendrye sits now is where I sat and the then Member for Radisson sat next to me, and I think then Bill Kardash sat next. We were a mixed bag indeed and we have gone our separate ways. I wanted to take this occasion to say that the Leader of the New Democratic Party paid me the very great courtesy of writing to me today to say that he was sorry that he would not be here and wishing me well personally, and saying what I know to be too true, and that is that he knew that Saul Cherniack would take care of me very well. Well, I'm quite sure that that is - I'm quoting his letter - so I'm quite sure that that will be the case, but I did want to voice a personal regret that after such long association I should on this occasion not have the pleasure of seeing my good friend "Buzz" Paulley opposite me for the reason that causes him to be away. I know that everyone will join with me and I will have unanimous support in the House if I say that we wish him well and look forward to his early and healthy return.

I want to acknowledge another personal courtesy. As I came into the Chamber tonight I saw a sign - a very impressive sign - standing as a matter of fact, Sir, in front of your place, reading "It's time for Gurney in the Senate". Well now this indeed is an interesting sentiment. I notice that at the bottom it says: "It's time for Gurney in the 'blank' Senate", or perhaps the "blankety-blank" Senate, I don't know. But in any event, the kindness that prompted one of my honourable friends opposite to bring this souvenir back from a trip to the United States is one of the evidences of camaraderie in this House, which I think is such a valuable asset and which I prize and for which I wish to pay acknowledgment just now, and I do thank my honourable friends for their kindness and their friendly and jovial gesture. Now, Sir, if I may proceed to the business of the evening.

In less than a year and a half, the Province of Manitoba will be one hundred years old. The Government, along with a million Manitobans, and many thousands of visitors will celebrate our Centenary in 1970. Pride and anticipation are felt by all citizens and friends of Manitoba.

It is regrettable that our prospects must be tempered with concern. Manitoba, like most jurisdictions in Canada, is experiencing difficult financial problems. Unfortunately, the relations among the senior governments, essential in any search for solutions to these problems, have deteriorated seriously since I last reported to you. However, following very healthy exchanges at the Constitutional Conference in February, I believe that a turn for the better in these relations is now possible.

This Government believes that Manitoba's future within a strong Confederation promises greatness. Much progress has already been made, but much more could be done in order that our Province may truly realize, in its second century, the dreams of the men who brought us into this nation. What is more important still is that all our people today, and their children, shall have the opportunity to make their own full contribution to the progress of their Province and their Country. The Government of Manitoba is pledged in every policy to work for the creation of opportunity for all our citizens. This objective underlies our approach to federal-provincial relations, to Constitutional review and, indeed to all the challenges which lie before us.

These challenges face us today. It is, therefore, essential that we maintain the strength of our community so that longer term opportunities can be developed. This requires that our continuing policies be soundly based, that our taxpayers be given first consideration and that our programmes serve essential needs now. By economy in public spending, the Government of Manitoba can once again present a Budget based on tax restraint in its own direct fields and new tax assistance to our municipalities and their taxpayers.

(MR. EVANS cont'd)

GOVERNMENTAL RE-ORGANIZATION

The Manitoba Government continues to pursue a goal of full development for the Province. This must be a policy which is realistically framed within the financial resources available. Our goal can only be met by soundly based programmes within the capacity of our people. To ensure that this capacity is well served by maximum efficiency and effectiveness in all that we do, the Government has re-organized its own structure. This past September, the most extensive governmental overhaul in our history was implemented to give better service to the people of Manitoba for their tax dollars.

We believe that the Government is now organized to make the best use of the latest planning and management techniques for establishing objectives and introducing new programmes or applying proven ones to meet these objectives. There is no need for me to restate the basic restructuring of departmental personnel and responsibilities. However, it is worth repeating that the primary task of the Management Committee is to review the expenditures and management procedures of all governmental departments; the responsibility of the Planning and Priorities Committee is a continuing appraisal of the priorities of all our programmes and their objectives.

Already the Government's new organization has shown tangible and positive results. Indeed, improved budgetary procedures have made it possible to extend services to critical areas despite severe overall expenditure restrictions. I shall discuss these measures more fully when I give consideration to the expenditures estimated by this Government for fiscal 1969.

FEDERAL-PROVINCIAL RELATIONS

Unhappily this past year has been marked by deteriorating financial relations between the Province and the federal government. This situation had become particularly serious by the time of the Constitutional Conference in February of this year. At that Conference, few of our sister Provinces failed to express their concern in respect of the federal government's apparent unwillingness to recognize that fiscal arrangements must knit together the nation, rather than fragment it, if Canada is to move forward in strength under any form of Constitution - new or old. It is easy to lose sight of the fact that every public service, whether it be a federal, provincial, municipal or joint responsibility, is provided for and must be paid for by the same people - the Canadian taxpayers.

For over thirty years governments have been attempting an orderly solution to the problems which created the tax jungles of the past. The most significant achievements in this period were made through various agreements involving the pooling of tax resources. After the Rowell-Sirois Commission, a series of tax sharing arrangements formed the basic structure of federal-provincial fiscal co-operation. In a two year review of these relationships, a jointly staffed federal-provincial committee of ministers - The Tax Structure Committee - worked to update the Rowell-Sirois concepts. The findings of the Tax Structure Committee that were published in 1966 gave the outlines of what was needed to secure a truly equitable distribution of tax revenues in the foreseeable future. However, developments in the period since 1966 and in particular over the past year have made this goal seem less attainable than at any time in the past 30 years.

Concerted government action is an essential requirement for easing the pressures of rising prices. These pressures fall with particular severity on those groups which can least defend themselves - people with low or fixed incomes, such as widows and old-age pensioners. Thus, it is even more difficult to understand the federal government's urging that taxes available to provinces and their municipalities be further increased since those are the ones that usually add most to the burdens of these same people. It is these Canadians who most of all must depend on all governments working together to make their security real and lasting.

Provincial initiative in the personal income tax fields has been blocked most effectively by the federal government's 2% Social Development Tax. By pre-empting the major direct tax field in this way, the federal government has left little room for equitable provincial tax changes. Similarly, extension in our other tax sources is closed to us as well by federal increases in the overall tax load on the citizens in all provinces. It could not be clearer that consultation and co-operation are necessary now to promote the true interests of all taxpayers.

A parallel situation is found in the field of shared responsibilities. In the past year alone,

(MR. EVANS cont'd) after little or no prior warning or consultation, the federal government has announced its withdrawal from a long list of such undertakings. The obligations relinquished included the National Health Grants programme, at the very moment when a universal federal Medicare scheme was being imposed. The Winter Works assistance programme was cancelled just as unemployment ratios began to move upward once more. In recent months sweeping changes in the National Welfare Grants have been proposed by the federal government - changes which will result in a lessening of federal aid to essential social service projects in the Province. At the same time, the federal government cut back Manitoba's annual allotment under the Health Resources Fund - again coincidental with the pressure to go ahead with Medicare. Earlier in the year, support for the Emergency Measures Organization was drastically cut back.

Ottawa's long hesitation in confirming support for its share of the Canada Land Inventory project in this Province has caused difficulties in our programme planning. Less than two months ago, the federal government announced, again without prior consultation, another cancellation under this same programme. Its decision to terminate support for a valuable section of the Canada Land Inventory Project has been protested vigorously by the Minister of Mines and Natural Resources. This type of unilateral action is unacceptable, not only because of obvious loss of financial support for a previously agreed programme, but also because of its timing. The announcement was made when our budgetary preparations for the coming fiscal year were very near completion - a fact that must have been well known in the national capital.

Many of our other joint undertakings are also shadowed by contradictory federal intentions. I have noted that Medicare on federal terms is now a fact in Manitoba. This is the largest and most costly shared programme ever initiated in Canada. Yet the federal government has stated that its participation in Medicare will end in 1973, and that it expects to make some as yet unknown financial arrangement at that time. The history of similar programmes leaves no doubt that the Medicare plan will continue to escalate in cost. Any financial settlement at a given moment is certain to be inadequate in the months and years which follow unless there is a firm commitment to bear a set percentage of the actual costs. The Prime Minister's recent assertion that "There will be no more 'Medicares'" offers little comfort in respect of the problems we must now carry.

Few other joint programmes appear secure from future Federal withdrawals. Indeed, the Prime Minister has flatly stated that federal initiatives will continue in provincial fields followed by federal withdrawals; leaving the provincial budgets committed. Hospital Insurance, the Canada Assistance Plan, post-secondary education aid, Manpower programmes, as well as an increasing number of Indian health and social services are being included in this pattern. Uncertainty must now be felt even for the ARDA and FRED projects in their present form. The very recent shift in the federal government's approach to regional economic development may well be an improvement. Fairness and reason require that we have more facts upon which to judge. But our concern for the tenure of programmes in this vital aspect of Provincial development is understandable.

In most cases shared programmes were promoted vigorously by the federal government and because of their formulae the provinces were obliged to participate often against their better judgment. However, few would deny that there remains considerable room for joint programming between the senior governments in Canada and that these programmes will continue to require modification from time to time. Some will become obsolete and will have to be discontinued. But initiation, change, or cancellation of any programmes in areas of responsibility shared by the partners in Confederation must be based on joint decision. Sufficient prior consultation and a reasonable consensus are essential.

At the present time of concern that inflation not further increase competitive costs for Canadian goods, any new initiatives for expenditures of public money must be rigorously measured against the capacity of the fiscal resources available. Where such programmes clearly affect the fiscal resources of the provincial partners, their announcement, let alone their introduction, must be preceded by genuine negotiations and agreement as to terms and financial arrangements. Only after these conditions are met, can the Government of Manitoba be reasonably certain that the unfortunate experiences of the past few years will not be repeated.

In the meantime, the federal government's initiatives and withdrawals in joint fields have left the Province with sizeable obligations. These obligations are facts - real operating programmes now exist with real costs and administrative machinery. In many of these

(MR. EVANS cont'd) programmes, costs are rising rapidly. This Government, of course, is willing to cooperate in placing reasonable constraints on expenditures and to extend the fullest efforts toward success in achieving the true partnership that is the Canadian Confederation.

Some encouragement was given to the Provinces at the Constitutional Conference in February. All governments expressed agreement about the importance of improving relations among themselves. Numerous committees and sub-committees were instructed to undertake consideration of the myriad Constitutional questions which have been raised. These will be time-consuming tasks. Therefore, it was of particular significance to Manitoba that the Premiers and the Prime Minister confirmed earlier decisions that the Tax Structure Committee would be reconstituted to investigate the distribution of taxing and spending powers among the Governments of Canada. It was Manitoba's contention that this was an urgent task, to be completed as soon as possible, with remedies to the problems now facing our taxpayers being offered in the very near future. The consensus of the Conference was in support of this view. A study of shared-cost programmes will also be undertaken.

Another Committee of Ministers is expected to meet to consider regional disparity problems. The Federal Minister of Regional Economic Expansion promised the Provinces that he will consult with them not only before the establishment and initiation of specific development programmes, but also prior to any major decisions on general principles. If this commitment is realistically sustained, a very significant change for the better may be anticipated in federal-provincial relations.

It is Manitoba's earnest hope that the Constitutional Conference will indeed prove to have been a watershed and that our relations with Ottawa will improve. The next major test will be the procedure by which the federal government advances consideration of its long-awaited White Paper on tax reform, now scheduled for release in late spring or early summer. In a matter as fundamentally important to the future of Canada as tax structure reform, the views of the provinces must be given consideration. Not only is this in keeping with the federal partnership, but it is required in acknowledgement of the taxpayers' interests which provincial governments reflect.

Manitoba's position on these basic questions has been clearly summarized in the statements made by the First Minister at the February Conference. These statements will be distributed as a supplement with the final printing of this Address. In the First Minister's contribution to the debate on the Speech from the Throne, he set the positive base from which I will proceed in negotiation with the Federal and other Ministers of Finance. Manitoba supports firmly and without equivocation a strong Canada with a strong federal authority for all Canadians. The best assurance that this necessary strength for Canadian government will be sustained is to be found in a strong partnership with the Provinces and their municipalities.

The policy of this Government in the federal-provincial partnership is one of co-operation - not confrontation. We will not shrink from our responsibilities nor from the clear statement of our views in this regard. We will support all practical and sincere approaches to secure co-operation in the interests of all Canadians.

EXPENDITURES AND REVENUES

FISCAL YEAR 1968-1969

Based on our actual receipts and expenditures for the eleven months ending February 28, 1969, and on estimates of transactions for the remainder of the fiscal year, it now appears that our expenditures on current account for the year just ending should reach \$359,250,000 and that our revenues to meet those expenses will come to \$360,000,000 - in both cases, after eliminating from our current budget account the Hospital Insurance recoveries from the Government of Canada. By reason of the Hospital Insurance legislation, those particular recoveries are not to be counted in current account revenues. As a result we have adjusted our records to show the transfer of those recoveries to the Hospital Commission via a trust account rather than as a current account transaction. Based on these estimates the final result for the year should bring us a surplus of something in the order of \$750,000.

FISCAL YEAR 1969-1970

The extent to which the responsibilities of the Government of Manitoba have increased in recent years is readily apparent in a comparison of the critical expenditures for education, health and social services.

(MR. EVANS cont'd)

<u>Expenditures on Education, Health and Social Services*</u>		
	<u>Fiscal 1958</u>	<u>Fiscal 1969</u>
	Actual (\$'000)	Estimated (\$'000)
Education	22,418	149,457
Health and Social Services	23,803	96,036
TOTAL EXPENDITURES	107,913	377,844
*Fiscal 1958 and fiscal 1969 totals on "gross" accounting basis.		
Source: Fiscal 1958 Public Accounts; Fiscal 1969 Estimates of Expenditures		

Our outlay for education has risen 567% from \$22.4 million in fiscal 1958 to an estimated \$149.5 million in fiscal 1969. Health and Social Services spending has grown 303% to \$96.0 million. The increasing cost of provision of services in these two fields alone, accounts for nearly \$200 million of the \$270 million increase in the total expenditure during the period.

These dramatic increases reflect actual service demands, of course. They also reflect the addition of new programmes initiated by the federal government. Bearing in mind the fact that the Provincial Government must find its share of such programme costs, Manitoba's case for a fiscal "new deal" is very clear. To be sure, our recoveries from the federal government have increased, and increased sizeably, but our expenditure obligations have more than kept pace.

This problem is by no means unique to Manitoba. The Federal-Provincial Tax Structure Committee predicted some years ago that the revenue and expenditure pressures on provincial and local governments from actual service demands would be substantially higher than those exerted on the federal treasury during this period. These conclusions have been substantiated by the statements and actions - and notably by the necessary tax increases introduced by Provincial Treasurers and Ministers of Finance across the country.

In the face of this situation, last year the Manitoba Government was nonetheless able to budget not only for the maintenance but also for the improvement of the quality of life in this Province, without recourse to a tax increase. This was the result of a major effort of restraint and careful planning. At the same time, broad community progress was not left with less support. It may surprise some to know that the Government actually made small reductions in taxation in the last fiscal year with respect to the levies under the Revenue Tax Act and served if we exempted from the provisions of the Revenue Tax Act certain school supplies, purchases by foreign visitors for exclusive out-of-country use, and purchases of granaries, lumber and other materials utilized in the construction of granaries. The past summer and fall were among the wettest on record. This dismal weather, coupled with slow grain movements and lagging sales, combined to place many Manitoba farmers in a difficult position. The Government felt that it could help alleviate financial pressures on the farm community by applying a temporary exemption to purchases of much-needed grain storage facilities.

The decision was made that an exemption from the provisions of the Gasoline Tax Act should be applied to international airlines taking on aviation fuel during non-revenue "technical" stopovers in Manitoba while on international flights. Reaction to this measure has been very positive and in the public interest. Already one major carrier has announced it will reconsider its plans to find another stopover location, and several others have expressed considerable interest in this Province as a potential refuelling stop during international runs. It should be emphasized that these international flights draw benefit only slightly from Provincial and local government services. Their contribution to the Manitoba economy in terms of fuel purchases is immeasurably greater.

It is with great satisfaction that I am able to confirm to this House and to the people of Manitoba that the Government can proceed with fiscal 1969 expenditures without introducing new taxes, increasing existing rates, or widening the base on which any tax is applied. Our budget is in balance and we intend to hold this position by every possible means. However I

(MR. EVANS cont'd) must introduce a note of caution. Inflationary pressures on wage and material costs, the introduction of Medicare on April 1, and the refusal of the federal government to commit itself to refrain from unilateral action in the shared tax and joint programme fields will undoubtedly make it even more difficult to preserve this balance. The House may be assured, however, that this Government will do all it can to maintain the budget balance that we have worked so hard to achieve.

Later in this address, I shall refer particularly to the financial circumstances of the cities, towns, villages, rural municipalities, school boards and other local government bodies. In the main it has been the need to alleviate their difficulties - and the burden which these difficulties impose on local taxpayers - that has led the Manitoba Government to restrain its own expenditures and to seek a fairer share of the pooled federal-provincial taxes. The Provincial financial problem is in reality a provincial-municipal problem. The denial by Ottawa of a reasonable sharing of the major Canadian taxes with the Provinces is a denial of relief to those who pay taxes on homes, farms, small businesses and other property.

The Government of Manitoba has maintained a consistent policy of extending to local government whatever assistance is possible within its own constrained financial position. Indeed, a major aim of our budgetary process for fiscal 1969 has been to free monies from our own programmes in order to provide greater help to local governments.

This goal, coupled with the Government's own revenue contingencies, and its firm intention not to raise taxes, dictated that the Provincial programme expansion had to be held within strict limits. Major new programmes clearly could not be undertaken. In fact, about \$51,000,000 were cut from preliminary expenditure estimates.

As a result of this restraint and control, the Government has been able to hold the overall estimates of current expenditure to \$377,843,687 - up by approximately \$18 1/2 million from what now appears to be the likely current account expenditures for the year just closing. This is an increase of 5%.

You will be interested in noting in some of my subsequent remarks that this year's budget provides new and increased assistance to local governments, including school districts, amounting to \$18,796,815. In other words, an amount equal to the entire increase in our estimated expenditures for the new year as against the year just ending is being spent to reduce the burden that otherwise would fall on the school and municipal taxpayer.

With the expectation that revenues for the coming year will reach \$378,400,000 and expenditures \$377,800,000, we should have a surplus of approximately \$600,000 a year from now.

DEBT AND FINANCIAL MANAGEMENT

In the past year, the Government made two significant advances into the financial markets of the world. It is a matter of history that, in the early days of the Province, most of our financing was done in London, England, and our capital money was loaned to us by British investors. Since the first Great War, the developing Canadian bond market and the big American market have provided us with most of the funds needed for our major capital development. In the face of a very difficult credit situation, affected by rising interest rates throughout the world and by a growing difficulty in finding people willing to invest in bonds, the Government decided to open two new avenues of credit.

Last summer, we raised almost \$27 million in Germany. In the autumn, we decided that we had to develop a public market in the United States for our bonds so we registered our first issue with the Securities Exchange Commission in Washington. We travelled from coast to coast explaining Manitoba and Manitoba Hydro to respective groups of American investors, and brought out our first \$50 million public issue in the United States last October. In view of its success, we were able recently to bring a second public issue to that market for \$35 million, the proceeds from which were available to us and Hydro on the first of April. In Canada, we brought out one issue for \$25 million last summer, again for Hydro purposes. In January of this year, we sold an issue of \$17 1/2 million for Telephone purposes in Canada.

The favourable response accorded these Manitoba bond issues again indicated that investors in Canada, the United States, and Europe have firm confidence in the Province's long-term economic prospects.

In the financial tables and charts, which I have included with the Budget Address, may be found a presentation of our Public Debt figures. We are again showing a summarized statement

(MR. EVANS cont'd) . . . of Direct Public Debt as of March 31, 1968. This statement is designed to show not only our actual debenture and treasury bill debt outstanding but also to reflect accounts payable, accrued charges, and other unfunded liabilities as well as the sinking funds and other investments which can and should be considered as off-sets to our total direct public debt figures. On that presentation, you will note that the net direct public debt of the Province as at March 31, 1968, was \$88,592,138 or about \$91 per capita.

From the Estimates of Expenditure now before you, you will have observed that, despite rising interest rates throughout the world, the interest on direct debt of the Province - interest that must be paid out of our general revenues - has dropped by over \$650,000.

Guaranteed Debt

The guaranteed debt statement included in this report shows that this debt has risen approximately \$102 million from December 1967 to December 1968. These guaranteed investments are largely for Hydro and Telephones. All of them represent the kind of continuing and growing investment that we need to strengthen the basic structure and ability of the Province to grow and develop.

In the year ahead, we expect to be borrowing again for the further development of our Province. Hydro will need something in the order of \$100 million. Telephones will require approximately \$17 million. The Development Fund will need perhaps as much as \$30 million. We are expecting to borrow upwards of \$25 million for local school districts.

We will again be carrying on expanded activity in our Urban Renewal and Housing programme. With money available from the Canada Pension Plan, from the Central Mortgage and Housing Corporation and from funds generated internally, we can expect to accomplish all of these capital investment objectives, while borrowing something in the order of \$100 to \$125 million in the long-term public bond market.

I can now forecast that these borrowings will not add to the general purpose debt of the Province. In other words, our net new borrowings in the year now beginning should be for self-sustaining enterprises. We are actually able to anticipate lessening the burden on the general revenue of the Province as our net general purposes debt and related interest charges continue to fall.

TAXATION

The Government has previously indicated its continuing determination to hold the line on Provincial taxation. I am now happy to confirm that there will be no new or increased Provincial taxes for fiscal 1969. Furthermore, through effective control of Provincial programmes, the Budget before you also provides for additional assistance to local government which is intended to permit a good measure of restraint - or hopefully even reduction - in local property tax levies to be applied for the current year. Certainly municipal taxes will rise less this year than they would have without this extra assistance.

I now refer to the federal estate tax measures announced in the federal budget of the 22nd October. While the intense protest made by the Canadian public - in which the Government of Manitoba joined, with other provincial governments - did force a considerable shift by the Federal Minister of Finance in respect to his estate tax plans, there remains a strong public feeling that the federal estate tax provisions do not provide equitable or reasonable treatment for all citizens affected.

Furthermore, the Government of Alberta has in force, and the Government of Saskatchewan has given notice of its intention to enact, legislation to rebate the provincial share of revenue from federal estate taxation. This action by other provincial governments has placed Manitoba in a difficult position. The Government of Manitoba does not believe that it is the best policy to use estate tax revenues as incentives for retaining or attracting investment capital in an interprovincial competition. The First Minister has expressed this firm view in this House. However, it is clear that we cannot leave our citizens in a position of disadvantage when we have the capacity to change that position by taking action comparable to that taken in other Provinces.

Taxation of estates in Canada is a most complex and indeed confused aspect of fiscal policy. Some provinces levy their own succession duties. Others rebate their share of federal estate tax revenue. It would be far better, in the view of this Government, to leave the taxation of estates entirely in federal hands, in return for compensation for the Provincial

(MR. EVANS cont'd) Treasury in the form of increased income tax allocation to the Provinces. In those circumstances, estate taxation could be adjusted for uniform equity across the nation. The competition for economic advantage among the provinces could thus be avoided. It does not seem reasonable to have one large bureaucracy to collect a tax at the federal level, and then to hire more civil servants at the provincial level to give the money back to the same taxpayer.

Therefore, at the next federal-provincial meeting of the Ministers of Finance, this Government will press for the federal government to take over all responsibility for estate taxation in return for compensation to provincial treasuries through an additional federal income tax withdrawal. This would provide equity for all taxpayers in that the revenue surrendered by the Provinces would not have to be found through additional levies. The Government of Manitoba is fully prepared to make that arrangement with the Government of Canada, or in any event to make arrangements to put her citizens generally in the same position as citizens of Alberta and Saskatchewan in respect of federal estate taxes. A bill will be introduced at this Session to make possible such action. Therefore, the estimates of revenue for fiscal 1969 do not include any provision for receipt of a share of federal estate tax collections.

Other specific changes in taxation proposed will include the extension of the temporary exemption for granaries from December 31, 1968 to the end of the crop year, July 31, 1969, in recognition of the continuing difficulties being faced by the farm community.

We are also presently considering a reduction from 20 cents to 17 cents per gallon in the rate levied under the Motive Fuel Tax Act on propane gas to bring propane taxation more in line with taxation of comparable energy fuels.

GOVERNMENT PROGRAMMES

Against accumulating financial pressures, our programme activities have shown marked success in the past year. Sound planning and restraint have played a part in this. The development of Manitoba's human and natural resources has continued. The pledge by the Premier that progress would not be forfeit to false economy has been kept. Evidence of this progress is contained in the Economic Review appended to this Address.

In the education field, our improved foundation financing programme now covers over 90% of the public school enrolment and the 9 operating remote school districts. The balance of our educational assistance programmes covers the remaining enrolment. It is noteworthy that while enrolments have soared, our education grants have risen much faster. In 1969, the average Provincial grant per student is over four times the annual grant a decade before.

School Enrolment and Grants Table

	Elementary and Secondary Enrolment (1)	Grants (2)	Average Grant per Student
1958	169,482	\$14,200,000	\$ 83.78
1966	222,701	48,767,956	218.98
1967	224,085	61,530,000(3)	274.58
1968	231,265	71,323,000	308.40
1969	240,298	81,020,000	337.16

- (1) Enrolment in "Special Schools" excluded.
- (2) Source: Estimates of Current Revenue and Expenditure
- (3) Enlarged Foundation Programme introduced.

We have continued to emphasize vocational education. Our long term planning has been made more difficult by the federal method of allocating capital monies and by the uncertainties that still remain with regard to federal support for operating costs. In addition to those pupils currently enrolled in secondary level vocational courses, about 16,000 students will be trained in adult programmes this year. This is a significant proportion of the total work force in Manitoba and represents a considerable upgrading of skill and general quality. The Government takes special pride in the experimental work-education projects being undertaken in the Interlake Region. These projects, under the FRED and Manpower programmes, represent the fruits of successful federal-provincial co-operation. The response of our citizens directly

(MR. EVANS cont'd) associated with these programmes has been very favourable.

The three universities in the Province are also fulfilling vital tasks in preparing our young people for major contributions to our community. Furthermore, these institutions are playing an increasingly significant role in community development through research and advisory services. While university costs are high - grants will increase 19.5% from \$36.6 million in fiscal 1968 to \$43.8 million in fiscal 1969 - it is our belief that these expenditures bring benefits for Manitoba, not only for the next generation and those which will follow, but also for our own.

And there follows at this point, Mr. Speaker, another table which provides some financial information concerning education at all levels and combined totals, which my honourable friends can study when they see copies of this Address.

PROVINCIAL EDUCATION EXPENDITURES

Fiscal Years 1964-65 to 1969-70
(Thousands of Dollars)

Fiscal Year	School Grants (3)	Increase Over Previous Year	University Support	Increase Over Previous Year	Total Education Expenditures Including University Support (4)	Increase Over Previous Year
1964-65(1)	30,055		7,304		41,712	
1965-66(1)	44,267	14,212	8,917	1,613	58,064	16,352
1966-67(1)	49,666	5,399	10,539	1,622	79,423	21,359
1967-68(1)	62,444	12,778	26,478	15,939	109,235	29,812
1968-69(2)	71,323	8,879	36,600	10,122	135,932	26,697
1969-70(2)	81,020	9,697	43,750	7,150	148,999 (5)	13,067
TOTAL		50,965		36,446		107,287
INCREASE		(+169.6%)		(+499.0%)		(+257.2%)
AVERAGE OF ANNUAL PERCENTAGE INCREASES						
		22.6%		49.8%		28.7%

(1) Source: Public Accounts, Manitoba

(2) Source: Printed Estimates

(3) Includes School Tax Rebates

(4) Includes University, School and General Grants

(5) Excludes estimated expenditures of \$458,000 on Libraries and Historical Research to make total Education Expenditures comparable with previous fiscal years.

Our economic progress is broadly outlined in the appended Economic Review. It is important to emphasize the accomplishments of the programmes, under the Fund for Rural Economic Development Agreement, and our general satisfaction with the broader-based ARDA programme now approaching its final year. Some sixty ARDA projects were underway in fiscal 1968. Their total cost is estimated at \$2.8 million. Recoveries from the federal government for these projects total approximately \$1.6 million in the year. Under the FRED agreement, 22 programmes and 73 projects were carried forward in 1967 and 1968. During these first two years, expenditures comprising about \$9.5 million of the original \$85 million 10-year joint FRED commitment have been shared by the federal government and the Government of Manitoba.

It is essential that recent federal announcements in respect of a major alteration in regional development programmes be amplified in direct consultation between the federal government and the provincial authorities. A comprehensive FRED review is due at the end

(MR. EVANS cont'd) . . . of March, 1970, and legislation has been introduced in Parliament which would discontinue the programme in its present form. The federal government, however, is committed to the FRED programme in the Interlake until 1977. The Government of Manitoba will expect the continuation of genuine negotiation for joint decisions with the federal government on all aspects of mutual concern for development in Manitoba. This has been promised by the federal Minister of the new Department of Regional Economic Expansion. The vital objective of balancing economic and social opportunity for all Canadians, wherever they reside in this country, can only be served by such real co-operation among their governments.

PROVINCIAL AID TO LOCAL GOVERNMENT

In the beginning years of this Province's history, the local authorities in the young community were given responsibilities of a purely local nature. Services tied closely to individual citizens - such as education, health and welfare - fell within this definition.

However, widespread economic changes have swept over Canada and the world since these beginning years. In the past three decades, the demands of individual and corporate citizens for public services, which had been classed in 1967 as of minor significance, and therefore of little financial consequence, have mushroomed to a degree that would have been considered unbelievable at the time our country entered into nationhood. To meet these demands, provincial governments and their municipalities have moved into a closer relationship. This frequently has meant that the Province now participates more directly in the provision of these services at the local level - either by a direct transfer of the service responsibility to the provincial level or by increased financial and organizational involvement.

The Government of Manitoba has indicated its intention to consult fully with local government people in its search for the most effective means of meeting mutual responsibilities. That is the prime purpose of the proposed Provincial-Municipal Finance Structure Committee.

The Government, in the meanwhile, has provided substantial new and increased aid to local government. This is essential for sustained progress. Only the rigorous control of Provincial programme growth has made possible this increased support, with a balanced Provincial budget. Curtailment of development cannot be continued indefinitely. As I have noted previously, the added support for local government accounts for the entire 5% increase in the expenditures for 1969-70 over the total now expected as final for 1968-69.

Following is a brief summary of the items included in this year's increase in aid for sustained local development.

<u>Additional Assistance to Local Governments 1969-70</u>	
Increased School Grant Formula	+ \$ 5,800,000
Increased Unconditional Grants	+ 4,750,815
Increased Urban Transit Grants	+ <u>248,200</u>
Sub-total	+ \$10,799,015
Basic Growth in School Grants (Incl. School Tax Rebates)	+ 3,897,000
Basic Growth in Other Aid	+ <u>4,100,800</u>
Total New and Increased Aid, 1969-70	+ <u>\$18,796,815</u>

It is true that these expenditures fall short of the levels that we would hope eventually to be able to provide, but they represent the maximum possible commitment under present financial circumstances.

A comparison of the increase in Provincial assistance over the past eleven years will reveal the extent to which we have undertaken more and more service responsibilities in areas which had traditionally been financed and administered locally. The following table indicates the wide range of direct and indirect Provincial support for local government and shows clearly how this support has broadened in the past decade. The form of this table is also familiar to the honourable members who have seen Addresses in recent years.

(MR. EVANS cont'd)

PROVINCIAL AID TO LOCAL GOVERNMENT

(Thousands of dollars)

	<u>1958-59</u>	<u>1968-69</u>	<u>1969-70</u>
General Grants	2, 711	4, 830	10, 201
Specific Purposes			
Education	16, 258	94, 705	100, 644
Social Services	9, 985	34, 105	38, 153
Health	1, 661	5, 849	6, 731
Highways and Bridges	3, 321	11, 518	12, 020
Other Services	1, 392	13, 914	15, 969
Total	35, 328	164, 921	183, 718
Local Government Aid as a Percentage of Total Provincial Expenditure	43%	51%	52%
Population as of June 1 (thousands of people)	875 (1958)	963 (1967)	971 (1968)
Provincial Aid Per Capita	\$40. 37	\$171. 26	\$189. 20

NOTE: Expenditures in respect of Hospital Insurance and Medical Services Insurance are excluded from these data.

Over 50% of our estimated total revenues will continue to be allocated in the next fiscal year for assistance to local taxpayers and for services most directly contributing to community life.

It is obvious that the range of Provincial aid to local progress is very wide. Much is practical and direct, offering cost savings to municipalities through pooled administrative and planning facilities.

In a wider context, Provincial programmes for health, social services and transportation greatly assist local governments. A sizeable increase in our transit grant to the Metropolitan Corporation of Greater Winnipeg is being proposed at this Session. The education foundation programme will be shared further this year, with Provincial support rising to 70 percent from 65 percent. With this improved Provincial support, we have continued the orderly transfer of a growing portion of education costs onto the provincial tax base. Under this programme, we have been able to guarantee a high basic standard of educational service and, at the same time, to allow room for flexibility - latitude in programme content, for example - among the diverse school divisions of our Province.

CONCLUSION

Eleven years ago, this Government took on the task of bringing the quality of life in this Province to the level which its citizens, as Canadians, were entitled to expect. This is an objective that must always be before us. Full opportunity is an elusive goal. It does not stand still. This Government is proud that it has helped our citizens to gain and hold a favourable position in the nation. This objective has been supported by our determination to avoid tax increases in these times of high cost and heavy burdens on our public. We have managed in Manitoba to balance the Provincial budget and yet hold the tax line. Few other jurisdictions can make this claim. It will not be an easy task to maintain this balance in future. Every effort will, however, be given to that end.

Our Province's basic economic structure is modern, strong and growing. Our plant and equipment are drawn increasingly from the best and the latest available. Our work force is one of the most able on the continent. These factors are already contributing greatly to development. As yet, however, our size and the revenue resources of our community are still limiting conditions. The cost of the services expected of us by our citizens are now at levels dangerously close to the maximum amounts which we are capable of providing from present tax sources and financial arrangements with the Government of Canada.

(MR. EVANS cont'd)

It is our hope that the national government will give greater recognition to these problems and agree to a more equitable sharing of revenues in order that we may meet the reasonable present and future demands created by responsibilities to our citizens. If the Government of Manitoba is to fulfill its responsibilities to the people of this Province, it must make tax equity a first priority. We argued this point at the Constitutional Conference - with considerable support - and we continue to believe that it is paramount. Financial problems both in the immediate sense and in the fundamental constitutional sense, are foremost threats to Confederation. Only if these problems are resolved can the people of Manitoba make their full contribution to the development of Canada. We, as the level of government most directly responsible under the Constitution to meet the basic social and economic needs of the citizens will be pressing for resolution of these problems in consultation with the federal partner and in cooperation with our local governments. Above all, we will continue to need the support of our citizens. To them our commitment is inescapable; the basic needs of this community will continue to be the first charges on the Provincial revenues in Manitoba.

MR. SPEAKER: Are you ready for the question? The Honourable Leader of the Opposition.

MR. MOLGAT: Will the Honourable Minister permit a question? On the Estate Tax, what exactly did the Minister recommend? Is he going to remove it in Manitoba or is he not going to remove it?

MR. EVANS: My Honourable friend will see when I bring in the Bill that was mentioned in the Address.

MR. MOLGAT: Mr. Speaker, I was referring though to the statement made by the Minister tonight, not to the Bill he is going to introduce. He commented on the Estate Tax, and is he removing it or is he not removing it?

MR. SPEAKER: Are you ready for the question? The Honourable Leader of the Opposition.

MR. MOLGAT: I beg to move, seconded by the Honourable Member for Lakeside, that the debate be adjourned.

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

MR. LYON: Mr. Speaker, I beg to move, seconded by the Honourable Minister of Finance, that the House do now adjourn.

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