

THE LEGISLATIVE ASSEMBLY OF MANITOBA
8:00 o'clock, Monday, April 21, 1969

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we commence proceedings I would like to introduce our young guests. On my right we have 25 members of the Onoway Cub Pack under the direction of Miss M. Mason. This pack is from the constituency of the Honourable Member for St. James.

On behalf of all the Honourable Members of the Legislative Assembly, I welcome you all here tonight.

The Honourable the Minister of Finance.

MR. EVANS: Mr. Speaker, this has been one of the better debates on the budget in my recollection. I can recall occasions when the budget was introduced and the matter was allowed to lie for day after day and then eventually it was closed off. There have been varying points of view presented, and on some of the points of view I can compliment the honourable members opposite for constructive suggestions and for straight criticism of the matter at hand; in some other cases I'm not able to compliment the honourable members concerned.

But I will deal with the main criticism affecting the budget itself, although much of the discussion took place upon - quite properly the economic statistics that were quoted in the budget as has been customary, and it's quite proper, because the economy of the country is the source from which taxes must be obtained. It's quite proper to talk about the economy of the country on the budget debate, but I shall not enter into that because it's not my direct responsibility. I think there are enough matters for me to discuss dealing with my responsibilities as the Minister of Finance, and so I shall deal with the financial aspects of the budget and confine myself to that field.

Despite some things that have been said, I repeat that nothing that has happened in this budget so far, no discussion that has taken place in this budget upsets the main conclusion at which I arrived, and that is that the budget is balanced; there have been no increase in taxes; and some substantial sums have been made available to the municipalities having the effect of lightening the load upon the local taxpayer.

To compare things they should be of like character, you should compare like with like, and if we want to make comparisons on the subject that just caused the uproar from my honourable friends opposite, I propose to draw some comparisons, that is to say upon the responsibilities of the government itself, leaving out of account on one side the medicare proposal, which could very well be regarded as a separate service started in this province, financed upon the fees charged for it, as indeed the Hydro has done and the telephone and any other service, and perhaps other services will be started in the future which depend upon the same principle. Let's compare the situation in Manitoba then with other provinces which may well be in a comparable position today. I remind the members of the House that there is no medicare scheme in Prince Edward Island, there is none in New Brunswick, there is none in Quebec, there is none in Ontario, and compare our financial situation with any of those, and I think you will see the point when I say that our taxpayer was very firmly in mind when we drew the budget this year.

I'd like to tell my honourable friends something about the comparison between those provinces I have just mentioned and Manitoba. I'll give the comparison of all the provinces, some of which are in a relatively favourable position, but I'll mention all of the provinces in this list. In Newfoundland the taxes are up \$4 1/2 million and the budget is in deficit by \$50 million. True, they have a medicare scheme, but true also, medicare would not count for that difference. In Nova Scotia the taxes are up \$42 million and the budget is in surplus by \$11,000 - practically in balance - an increase of \$42 million in taxes, more than the cost of medicare. In New Brunswick taxes are up \$29 million and the current budget is in balance, but they have no medicare scheme. In Prince Edward Island the taxes are up \$2 million and the budget has a small surplus of \$110,000, but no medicare scheme. The Quebec figures I have not been able to get. I do know that their current expenditures are up this year by \$400 million, and that last year they had a substantial deficit even without this increase in expenditures of \$400 million, and I cannot conceive that they would not have a very large deficit this year and no medicare scheme. -- (Interjection) -- Pardon ?

MR. CHERNIACK: We don't have a provincial medicare scheme, do we?

MR. EVANS: No, I'm comparing our position without a provincial medicare scheme of

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(MR. EVANS cont'd.). . . . that kind with other provinces in a comparable situation, and drawing from these figures the conclusion which I think is inescapable, that our situation, our financial situation is very much better than others.

I simply record the fact that I hadn't got the final figures of the budget of the Province of Quebec, but their expenditures this year are increased by \$400 million and they have had successive deficits in their budget for some years back, and I cannot believe that an increase of \$400 million in expenditures this year would leave them in any situation except a large deficit - no deficit in Manitoba - a large deficit in Quebec; no medicare scheme in the Province of Quebec; and I am comparing our financial situation with exactly the same situation in Quebec.

In Ontario the taxes are up \$181 million and the budget is in surplus by \$2 million, but no medicare scheme. In Saskatchewan there are no new taxes and the budget is in surplus by \$221,000.00. In Alberta the taxes are up by \$19 1/2 million and the budget is in deficit by \$34 million. They've announced that they're going into the medicare scheme, but they've raised their taxes by \$19 1/2 million and they're budgeting for a deficit of \$34 million. In British Columbia there are no new taxes and the budget is in surplus by \$410,000. They do have a medicare scheme.

But on balance with the provinces that do not have a medicare scheme, and eliminating the medicare scheme from my budget, the Manitoba financial situation is ever so much better than is to be found in any province in a comparable situation. And so I say that it is quite justified for us to point to the fact that there have been no increase in taxes, that there is no deficit, and that considerable monies have been transferred to lighten the load which would otherwise fall on the local property taxpayer.

In fact this budget was prepared with the property taxpayer in mind and with the general taxpayer in the province in mind. And I want to say this, it wasn't an easy job and it wasn't done lightly, and I don't think that any Minister of Finance should stand here and try to take credit for that because the credit belongs to my colleagues in the Cabinet, though with the greatest forbearance as far as I am concerned, have enabled me to proceed with measures that brought this budget into balance. And there wasn't one of them that didn't have schemes dear to their hearts that they thought were justified, in fact that they felt very strongly about, and it became my unpleasant lot, with the assistance of my staff and the staff of the Management Committee, to proceed to eliminate the monies that would have made those schemes possible. And it was with their particular people in mind, the people they serve, the segment of the Manitoba economy or the Manitoba people that is served by each of my colleagues in mind that they wanted these schemes, they wanted the money for these schemes - not for empire building, not for the very size of their estimates, but for the good that could be done by spending that money.

I had to agree with every argument they brought forward and I had to listen to them, and I did listen to all the arguments and I felt myself agreeing with them, and at the end of the discussion I had to say the answer is still no. The credit was not due to me; the credit was due to my colleagues, who finally agreed that having argued and having found the limits to which their finances could go, finally said, we will co-operate. They did, and I pay tribute to them, not only for what they did to shape their programs but for the spirit with which they accepted them. And so they accepted these cuts as Ministers and then they and their staffs co-operated with me and my staff in a way in which I would not have thought it was possible in an operation of this kind in which we were engaged in, in denying some of the dearest ambitions of the people engaged in these departments to carry on work in which they believed - work in which they believed, and they had to surrender some of their plans and to reduce others, and I pay tribute to them for the fact that the budget is in balance, without new taxes and with relief where the taxpayer is hurting most, and that is the local property taxpayer at the municipal level. This budget has been achieved because the Manitoba Government was determined, and is determined, not to pile on taxes; not to pile on expenses, and not to ignore the need of the local taxpayer.

Perhaps the Minister of Finance and his assistants don't deserve much credit; after all, do you deserve credit for decisions pretty well forced on you? Perhaps not very much. The situation was forced upon me in my responsibilities first of all because there was no more tax money available - and I'll come to that point later - and to the word pre-emption, and we may have some discussion of that. But there was no more tax money available for the purpose, and one of the principle things that a Minister of Finance must do in Manitoba today is to protect the borrowing credit of the province for the massive amounts of capital that we require in this

(MR. EVANS cont'd.).... province to develop our opportunities, both in the public utilities field and elsewhere, and so we could not, in my judgment, preserve the borrowing credit of the Province of Manitoba and still borrow sizeable amounts for current account. And with that thought very much in mind, I found myself precluded from entering the capital market for current expenses in the current year.

Some tax changes have been proposed. The one of any size of course is the Estates Tax, and for a detailed discussion of that I am going to suggest that the House may wish to wait until the legislation is introduced, which will be soon, and looking toward the early implementation of a measure which will place the Manitoba Estate Tax payer on a parity with Alberta and Saskatchewan, Alberta having already the relief in legislative form. I'm not sure whether Saskatchewan's bill has been passed or not, but in any event we believe they will pass it and we want to put our own people into the same situation as they are in.

Some questions were asked - I think my honourable friend the Leader of the Official Opposition asked questions to the effect, well when will it be done? Is it coming into effect, or something of that kind - very proper questions. I think the minimum that I want to do is to wait to see the White Paper from Ottawa on the proposed changes in the Canadian tax system. It's expected within a minimum of six weeks - it's expected in the month of June. I don't know what the contents are; I have had no indication. I have no indication whether the subject of succession duties will be mentioned or not, or Estates Tax. If indeed there is no mention of it, that may open up one course of action to us; if, however, there is a proposal there, I may wish to see what the proposal is before deciding upon the exact date of implementation or of the coming into force of any Act that we may propose in the House. It is the intention to propose the Manitoba taxpayer into the same situation as the Alberta taxpayer with regard to Estates tax, this will be done. The fact that I did not indicate the definite implementation date in proposing the budget and was not able to reply directly to the Leader of the Official Opposition was simply that fact, that I wished to see whether there is any indication in the White Paper to be proposed by Ottawa on the reform of the Canadian tax system before making final commitment with respect to the Manitoba Estates Tax, but certainly the proposal is a definite one and certainly it will go ahead without delay.

There have been some other quite minor tax adjustments throughout the year; some of them by Order-in-Council, some others proposed in the budget. In total the amounts of money are not large, but I suppose to each of the people concerned, to each of the classes of people concerned, it's a matter of some importance. I refer for example to the exemption on granaries and material for building grain storage structures, which first exemption was made applicable to the end of December and which we have announced and I think has already been implemented, has been made effective to the end of the present crop year, July 31st, which is about as far as we can see ahead at this point. That exemption was made in consideration largely of the fact that we didn't see much sense in having the government make a windfall revenue out of the necessity for some farmers at this stage to build extra granaries that they didn't otherwise have. Surely their situation was bad enough, not being able to sell their grain, without being forced to put up tax revenues for the Manitoba government on which we had no reason to count a year ago, almost a year ago when the sales tax came into effect. That was one large consideration. The second was that if anything within our power could be done to alleviate the grain storage situation we should be prepared to do it, and as a help to farmers, we did extend the exemption to grain storage facilities.

Some school supplies were excluded during the last year, notably scribblers and other items of that kind - not large in amount, largely as a convenience to people.

We excluded purchases by foreign visitors who would take them immediately from the country without using them. Tourists visiting this country quite often buy items of somewhat larger price, things like furs, perhaps jewellery, perhaps china, perhaps other things that can be bought well here, and by a form provided by the federal government they are allowed to show the form at the border on entering the United States and be excluded from paying -- they are able to certify at the American Border that the goods were in fact taken into the United States, the form is mailed back to the retailer and the retailer is then allowed to excuse the sales tax or refund it. We made that privilege available to Canadian or Manitoba retailers enjoying trade from American customers or from foreign.

We have already announced that the tax on gasoline used to refuel international flights stopping at Winnipeg but which do no business in Manitoba, neither take on passengers or

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(MR. EVANS cont'd.).... cargo or discharge passengers or cargo, but simply re-fuel here to continue on with their flight. We became convinced that one or two important airlines using Winnipeg International Airport for this purpose would discontinue, others would certainly not be interested in coming here. One of the objects has been to try to strengthen the Winnipeg International Airprt as a strong air centre in this part of the country, and so it was deemed advisable to propose legislation which will exclude from taxation the two cents per gallon on gasoline or aviation fuel used to re-fuel aircraft on international flights which do not produce any revenue to them by lighting at Winnipeg. There is a considerable help to the economy here, some people are employed and we think it strengthens the air centre to do it.

There has been a slight reduction in the tax on propane gasoline. I believe the tax has been reduced from twenty cents, which is the tax which applies to diesel fuel, down 17 cents. I might add that those who presented their case to us thought the tax should go much lower than that, but it seemed fair to make some reduction in view of the fact that there is less energy contained in a gallon of propane than there is of gasoline or of diesel fuel, and a reduction was made accordingly and on that principle.

As far as I have been able to recall, there has been no criticism of these reductions in taxation during the course of the debate and I hope that they meet with general approval.

There have been some proposal for changes in the tax system arising during the course of this debate. There is certainly the proposal that has come quite generally that our taxes should be based to a greater extent upon the ability to pay taxes, namely the income tax - the personal income tax and the corporation income tax; there should be an increase in the return from natural resources; and that Medicare should have been paid for not from premium but from taxes. These points were made, and as far as I could make out, they were the three main proposals dealing with our taxation system.

Well, with regard to the first of these, the use, instead of a Medicare premium, the use of ability to pay taxes to a greater extent. I think this would be a matter of principle, and my honourable friends across the way, certainly those of the New Democratic Party, raised the principle last year in consideration of the sales tax. They have been consistent throughout, and I think it was raised by the members of the Liberal Party this year as well. It's a proposition that should be seriously entertained any time that it is proposed, because there can be very often little theoretical arguments about the fact that those who have the money should be the ones called on to pay.

Then you come into a very practical situation, how far can you raise your taxes above those of competing areas and competing provinces and still have this economic expansion upon which my honourable friends over there have spent so much time, those calling for setting up of an atmosphere or governmental leadership or such other general phrases, calling on the government to do everything within its own power to set the stage in such a way that industrial development and economic expansion will in fact take place, and with general acknowledgment that much of this economic expansion must be undertaken by people who will provide the money, the managerial know-how, and will take the risk. Whether it's recognized under a title of the private enterprise system or indeed by some other phrase which may be more acceptable to my honourable friends in the New Democratic Party doesn't matter much, but if we are to set the conditions here which will attract new money to be invested here with the knowledge - and I suppose know-how is the best word in these circumstances - start a new enterprise and to take the risk of losses involved in that and to build new enterprise, with one of the main results we're looking for being new jobs for new people at good pay and with security in their jobs so that they can grow up here in comfort with a decent standard of living, look forward to some security, not being afraid to lose their jobs, wanting to have something left over for a holiday and for recreation and for a decent retirement. those things come about in our society by creating new jobs where sufficient opportunity exists for people to come in here and risk their money, build those jobs and make those opportunities available to our people.

And we have cause to know in this province, and when I was the Minister of Industry and Commerce I had reason to know that when our taxes were above other provinces, and they were - we were one percent above other provinces for quite a time in the surtax added to the personal income tax, and indeed in the corporation tax - and during that time there was the very strongest resistance, among those who had been considering coming to this province to invest their money and to build new enterprises, to coming here in competition with other provinces that had lower tax rates. It isn't only the enterprise that's concerned, it isn't only

(MR. EVANS cont'd.).... the corporation income tax, it's the people with knowledge, the managerial class, the people who have the knowledge that we need who would be reluctant to come here and who would resist being posted to a province that had higher income taxes on the personal side than they had in other parts of the country. And so during a considerable period when Manitoba was higher in personal income tax than many other competing areas, we knew, we had cause to know that we were being penalized in economic development. Now by recent changes we no longer have that disadvantage, but we are among the highest. I don't know of anybody that's higher than we are, but there are others equal to us and so a competitive relationship has been re-established, and I for one would be reluctant to see Manitoba jump ahead in rates of personal and corporation income tax, jump ahead of competing provinces and competing areas in this country, if we hope to attract here the kind of people who can build these kinds of jobs and the kind of money that can make them possible.

I'd like to say something, quite briefly if I can, touching on the subject as to whether our mines and the extraction of minerals in this province is worth only the small amounts that are obtained by the Manitoba government in royalties and mining taxes. The figures have been quoted and I forget them - they are small, very small - but this is not the only advantage to the province in having an active and prosperous mining industry in the Province of Manitoba. I think the advantages to Manitoba can be described best as payrolls - not only the taxes, but includes the payrolls, the purchases of materials made within the provinces, the services that are purchased, and they are all paid for by the sale of minerals, and unless someone comes in to develop these minerals and unless they are in fact extracted and taken to the markets and sold and the money obtained, then we do not have the advantages.

The mining industry in Manitoba employs directly nearly 7,000 people. They employ indirectly in mining manufacturing, that is in the first stage of mineral processing - I'm sure that includes smelting and refining - some 3,500 additional people. It employs an estimated 1,200 persons in exploration and prospecting; employs 1,200 persons in transportation of minerals, etc.; employs 2,200 persons in construction and development work; and employs another 20,000 persons in consumer goods, services and trade related to the industries themselves. Most studies indicate that for every miner on the payroll in Manitoba another two or three people are employed elsewhere, and when you follow the multiplication, or the ramifications of employment in a mining centre and consider those engaged in service, the doctors, lawyers, dentists, school teachers and others, and the service of the people in the communities and municipal employees and many others, and then those engaged in retail trade who depend upon the payrolls of these mines for the trade that they get and for the people that work for them and for their profit and for their station in life, these other multiplications do indeed turn up a very large number of people whose support would not be there if someone did not come along and invest the money, provide the skills, extract the minerals, take the minerals away and sell them, and return the money back to pay for the payrolls, the purchases, the transportation costs and all the other many items leading into support of the mining industry. And so it is not a complete picture to say - in fact it's not at all adequate to simply say that the amount of mining royalties or taxes, or a combination of them, is the only advantage to Manitoba in having mines here because it simply isn't so. A very large proportion indeed of all the value of those minerals is returned to Manitoba citizens working here, and incidentally paying their taxes here and supporting their community, and we would not have the towns of Flin Flon or Thompson or Snow Lake or many of these others if it had not been for the investment of this capital.

Then we come back to the competitive factor again. Why is it that arrangements are made to allow for tax holidays, or abatements of tax in various kinds of ways. Over the years it has been found essential to have the international groups who control capital that is available for investment in mining and who have the skill and the knowledge to choose to explore in Manitoba and to develop ore bodies here instead of choosing to do that work elsewhere in the world, because there are plenty of minerals elsewhere in the world, lots of places where companies with the money and the skill can go and look for minerals if conditions are less favourable here than they are elsewhere, and over a period of years a competitive system of allowances has been brought into being. We have had a good and full share of development of our minerals here, and subject to any adjustments that may be required from time to time, we believe that the system under which we are operating should be continued. And so we point to the fact that mines and mineral developments are worth far more than merely the taxes that

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(MR. EVANS cont'd.).... arise from them, because they pay taxes, they pay for payrolls, they cause purchases of materials.

I can recall during the period when International Nickel Company was in process of beginning their first investment at Thompson, there was something called a recession in Canada and most of the economic indices fell a little bit, the indexes of wholesale prices, the indexes of employment and also the indexes of unemployment rose, and other unfavourable indications showed up in most parts of Canada in something called a recession. If I make a little side remark here, it's that I'm not quite sure that I know what a recession is. I lived through a depression in the 10 years of the "Dirty Thirties" and I know what this is. The recession bore no resemblance to that, but then we know how to manage our financial affairs in Canada better than we did then. Nevertheless, there was something called a recession in which other parts of the country did show some decline on their rate of advancement at that time. Nevertheless, Manitoba didn't, and I think you can trace a very direct relationship between the \$100 million that was being invested by the International Nickel Company at Thompson at that period and the fact that Manitoba's economy was sustained through this period by these kinds of investments, very large investments indeed, and it's a reflection of the fact that the investment capital goes very largely to buy materials and services from other organizations in the province, helping to stimulate the economy and to keep up the level of turnover and the level of prosperity in the province itself.

Consequently, I did want to make a remark or two touching on the fact that there seemed to be an assumption in some people's minds that the only value to the Province of Manitoba is the comparatively small amount of royalties and taxes that are extracted. If there's more to be had, I'd like to get it, and if my honourable friends have sharpened my sense of going to look for more revenues that can be extracted from any source, mining or other, I have perhaps been even more alerted to that fact than I was before. I will continue my search, and if I think it can be done without diverting exploration and development away from Manitoba and to other parts of the country and to other countries, I will continue my search.

I think we have a good balance of taxes in the province now which does enable us to set a climate for expansion, for the development of new capital, for progress in the country. We have not raised taxes for our basic programs even though other provinces have, and I think we are in a favourable competitive position to continue to develop the economy as our honourable friends have asked us to do.

Another subject that has had some considerable discussion during our debate is the question of provincial-municipal finances, which is a most important topic in these days. In fact of all the public financial questions that we have, I'm quite sure this ranks probably first within the province, and some things were said during the debate that seemed to be pointed at reminding me that it was a serious matter. Someone did the compliment of asking me to distribute a speech that I made at the university recently, and I'm going to do something and that is to quote myself with satisfaction. I once heard somebody making a speech saying that Mr. so and so, a man for whose opinion I have the greatest respect, agrees with me in this. I know who said that and I've had a lot of fun kidding him in past days over that remark, all of which is by way of introduction, saying to my honourable friends that I am now going to quote myself with satisfaction.

I'm going to read something that I said at the University when I said that "Provincial-municipal partnership is also due for some pretty drastic overhaul. The term 'municipal government' is too often accepted without any real comprehension of its significance." I think this is an important matter. I have talked to people of substantial responsibilities and broad experience who haven't really grasped what the word "municipal" means. It's a slightly technical word and certainly to those of us here there can be no question about what municipal means, but I have found among a certain section of the public that they are not quite aware of what is included under the general term of "municipal", and with that in mind I said, "the cities, towns, villages and rural municipalities are synonymous with one basic reality; they are the actual communities in which we live. They are the organized areas in which we build our homes and businesses, in which most of us earn our livings, raise our families, find our relaxation and entertainment, buy our necessities and our luxuries."

"Organized government has its principal point and purpose where it comes into direct contact with the people. That contact takes place every day in the municipalities. We ride on their roads and streets to work, our children go to school, play and grow up in their

(MR. EVANS cont'd.)..... buildings and playgrounds, and where there is disruption in the daily routine, which we take so much for granted, it is usually a service provided by one of our local governments which suddenly comes to our awareness because momentarily it isn't there.

Think about the everyday world of ordinary events and needs. A backed-up sewer is cleared; a water tap turns dry and a phone call soon restores the service; our child stays home after a heavy snow until the road to school has been plowed" - and there are some other details I mentioned. It's the down to earth, what the popular phrase is, the nitty gritty of government at the local retail level taking care of the individual needs of people.

I'm certain that it's this most important retail level of government that must be given added consideration in the months and years that are ahead of us, and to the extent of our ability, we have tried to give them some consideration this year. We have devoted every dollar that could be spared from this year's budget to ease the burden of the local taxpayer, in the unconditional grants which were raised by \$5.00 from \$3.00 to \$8.00 - unconditional - made available to the municipal organization; the change in the percentage of the foundation grant for school purposes; and some other minor amounts including some other smaller amounts -- in these days of expenditure I hope I never get caught saying minor amounts, because I have had many a discussion with my Cabinet colleagues about amounts that seemed small to them but I made out they were very large, so I will try not to say minor amounts -- but smaller amounts for urban transit. In all, with some other items as well, the rise in the amounts available for things that would otherwise fall on the local taxpayer this year is some \$18 1/2 million.

This has in fact restrained local tax rates. Some evidence has already appeared. I think I am free to quote a letter from the City of Winnipeg which was directed to the Premier of the province and which draws attention to the fact that "including Metro and the school board over which" - and this is the City of Winnipeg speaking - "over which we have no jurisdiction, the mill rate was held down to a one and a half increase. Our Finance Committee has done an excellent job, and needless to say" - these are the words I am coming to - "the increase in provincial grants played an important role." That's gratifying. The effort we have been able to make has in fact been acknowledged, and in some other cases we are able to say either that taxes did not go up or that the amount they went up was restrained, was limited by the fact that the province was able to make some financial assistance available.

Well, future developments in this field of provincial-municipal financial arrangements is going to depend on what money is available or can be made available. It depends on the finances. The municipalities, I might say, have about as important a stake in federal-provincial fiscal relations as anybody, because if the funds, and if the province can dispose of the funds to do so, they have already acknowledged that the municipalities themselves have a strong claim to assistance for the kind of thing that I mentioned a few minutes ago.

Well now we come to a section of my budget speech and of the debate which has occupied a good deal of time. I have generated some heat, some name-calling to which I don't intend to refer, but it's an important topic and it has loomed large - this subject - in the budget itself, my budget address, and in the discussion that we have had since.

Well, why so much attention in the budget? Why indeed would a provincial Minister of Finance, at this stage, devote a good deal of time and space in a budget address to the subject of federal-provincial relations in general, and much of the discussion and many of the points were general. Why indeed would we do it. Why indeed would I do it. It was my responsibility, I did it; I'm here to answer for it. Well largely because there was a very bad balance in the other direction that had to be corrected. For many years the impression has been created in the public mind partly that the provinces were beggars who went to Ottawa for handout after handout, and indeed the press would use terms of that kind, and I don't blame them because after federal-provincial conferences, time after time, the only point of view that was presented to the press and found circulation in the country was the point of view arising in Ottawa. I'm not going to say that it was deliberately done on the part of the federal government to make handouts which placed the provinces in an unfortunate light. I'm not entitled to ascribe motives to the federal government any more than people are entitled to ascribe motives to anyone in this Chamber, so I'm not ascribing motives to Ottawa, but I am saying that in point of fact, because the provinces foregathered in Ottawa from time to time and financial need was a subject of discussion, and time and again adjustments were made and more finances were made available on a regular scheme, the impression did arise that probably the province had no right to this money, that indeed it was a matter of generosity on the part of the federal government to

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(MR. EVANS cont'd.). . . . give these handouts.

And that impression was built up over a very considerable period of years. Certainly during any time that I have had any connection with federal-provincial conferences we have heard those at Ottawa say we have no more money to hand out. We have heard time and again, and seen in public discussion, phrases to the effect that the provinces are down here again with their hands out, and there has been a considerable impression built up in many peoples' minds that we were down there and that all the money provided for us was an act of grace or an act of generosity on the part of the federal government. And so it became my conviction that there was a balance to be redressed of public information here, that the provinces had a point of view which should be stated and should be stated strongly, and I for one don't believe that you make bad friends by standing up for yourself if you have a proper case to stand up for, and that indeed if a question can be argued in public between two responsible bodies, the public will very quickly make up their mind who is right and they will very soon let the other fellow know that he is wrong and he had better behave himself because that's the way our parliamentary system works. Word drifts back through what is a perfectly proper institution in Parliament and that's the caucus, and it isn't very long before the caucus let their Ministers know in the one case, or indeed in the Opposition caucuses, that the public is feeling this way, that way or the other way. And this is perfectly proper because all the members represented here are sent here to do what the people want them to do and the direction is not the reverse. In other words, we are put here to do what people tell us to do; we are not here to tell people what we think they should do.

Consequently, it is perfectly proper that both sides of the case should be placed before the public so far as possible in a balanced way, and any imbalances of information or of attitude or of propaganda, if you will, should be redressed so the public have all the facts before them and can make up their minds. And so on that basis I make no apology for standing up for Manitoba. I believe that the provinces and Manitoba had a case to be stated and I have no apology for having tried to state the case in our relations with Ottawa.

History tells quite a story about this, because it may surprise some to hear that the provinces have exactly the same right to the personal income tax and the corporation income tax and the other direct taxes of that character as has the federal government. It's a matter of rights that we have the use of these taxes. During the early years in which these taxes were employed there came into being I think what could be fairly described as a tax jungle, and it was almost impossible for anyone with affairs across country to understand the different taxation systems in all ten provinces and indeed with the federal government as well - there were nine provinces when this grew up - and with the financial difficulties that were experienced in the 30's we were indeed in a very serious financial situation with the provinces quite unable to support the additional load that was thrown upon them by unemployment and other difficulties during the depression and there was no system of shared responsibilities with the federal government.

At that point the Rowell-Sirois Commission came into being and perhaps turned out to be a turning point in the history of our Confederation, because it made possible a kind of financial co-operation between Ottawa and the provinces which brought us out of those difficulties and enabled us to restore some kind of order, not only to the revenue side of our accounts but the expenditure side as well. True, not all their recommendations were carried out, but a series of developments did follow. It began with the tax rental agreements and later on with the present tax collection system, and that has restored some sort of order to the taxation system in Canada and has enabled us to avoid, I think it can be said quite definitely, enabled us to avoid anything that can be called a tax jungle, but it did bespeak a certain amount of co-operation between the two levels of government, and that kind of co-operation was absolutely necessary for the continuance of that system.

What took place was actually a pooling of taxes. One common pool was made of the taxes that were available for both the provincial and the federal levels of government and it then became a question of discussing the division of the pool of taxes, not so much who would give what to whom, and so through this system of pooling taxes there came into being what is absolutely essential for the preservation of our Confederation, and that is namely a partnership. You cannot have a pooling of resources and a dividing of responsibilities unless you have an active and competent partnership running it, because there is really only one kind of money. There isn't Ottawa money, there isn't provincial money, there isn't any other kind of money;

(MR. EVANS cont'd.). . . . it's the taxpayers' money and we have in his interest to pool the resources by raising the taxes in the most sensible way they can be raised, pooling them and dividing them according to some system of priorities as to what needs to be spent first.

Well Manitoba has a responsibility to share in the running of the country. We heard some quite mistaken things said in this debate to the effect that I was advocating that all of the taxing powers of the federal government should be taken away or that all of the money that was raised in Manitoba should be returned to Manitoba. I said no such thing. There was no inference could be made from anything I did say with that effect because I don't believe it. The Leader of the New Democratic Party raised something of the same point about a year ago in the budget debate and I answered at that time, because we in Manitoba and I, if I may be allowed to say so, am a Canadian; I believe in a strong Canada with a strong national government to run it, and indeed this is what lay behind the statement made on behalf of Manitoba in Proposition 9 at the recent conference on Confederation - I think it was last February in Ottawa. Manitoba's Proposition No. 9 says, "There must be maintained a strong federal government which shall be representative of all the people of Canada, and alone shall act on their behalf to define and achieve national purposes at home and abroad." And in the explanation underneath, which was also filed at the Conference, "there can be no question of a Canada of associated states delegating limited powers to a federal government, but rather a united nation governed on a national basis by a central government, and in matters of local and regional interest, including culture, by regional or provincial governments." There are quotations as well from the statement of the Premier of this province and some other statements that I have made, which I'll not take the time to quote with satisfaction at this point.

But I do say that there can be no question but what Manitoba must put up its full share to run a national government for the list of things that the Member for St. George read off. He reminded me that we have to have money at Ottawa for running such things as the post office, the national defence system and the many other things that he read off, and he's quite right, we have to have it for those. I submit to him, if he were here, that he didn't need to remind me of that because we stand on this side of the House to say that Manitoba should provide its full share of the costs of running a strong nation by means of a strong national government adequately financed.

I do go on to point out that we do in fact provide a substantial amount of money for this purpose, and we come to this federal-provincial balance sheet that I have mentioned before and that my honourable friend of the New Democratic Party, the Member for St. John's mentioned. We had some discussion across the House where from Manitoba taxpayers there is raised something in the order of \$450 million a year on the main revenue taxes - that is the personal income tax, the corporation income tax, something from the estate tax and others - and there is returned to Manitoba in those connections, including equalization and shared-cost programs, something of the order of \$250 million, and so there is left in Ottawa for purposes of running a strong nation by the means of a strong national government properly financed, an amount on those scores of \$200 million.

But there's more. Manitoba, I presume, pays its full share of such things as excise duties, their gasoline tax, their sales tax, their other taxes, and those amount to substantial sums and there is returned to Manitoba a sum less than that. In other words, I think something in addition is left in Ottawa to the extent of perhaps \$60 million a year, give or take a little. That is a pure calculation because the figures can't be traced accurately. But I think it can be said without exaggeration that Manitoba provides to Ottawa something of the order of \$250 or \$260 million a year to assist in the financing and running of the national government. No evidence has ever been presented to me that this is not our fair share. If we are five percent of the country, one could multiply that figure by 20 and see whether that's a fair share for Manitoba. If it's not a fair share we should consider our position and provide a fair share, but there's been no discussion as to whether Manitoba taxpayers pay something less than a fair share, and remember, that takes into account all of the money returned to us in shared cost programs and all of the equalization, and all these other matters, and there's still a balance remaining in Ottawa, as it should, for the purpose of running a national government and making it strong and we believe in doing those things and paying our fair share, and we say, as far as I'm aware, as far as any evidence has ever been presented, we are providing our fair share and we want to continue to do so.

So, we contribute our full share towards the national expenses and I think on almost every

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(MR. EVANS cont'd.). . . . occasion on which I have spoken on this subject, I have added the words "and so we should" and if I've omitted to add those words at any time, I should not have done so. I should have added them. We provide this much money toward running the national expenses in Ottawa, AND SO WE SHOULD! - underline, capitals, exclamation point! That is my belief and on that I stand, and I want to make my point completely clear.

But if we are going to have this pooled system of taxes and shared responsibilities, it means a strong federal-provincial partnership. It cannot be achieved by anything like a master-servant relationship; it cannot be achieved by anything like a head office-branch office relationship between the federal government and the provinces. It has to be achieved by an active partnership and some things are absolutely prerequisite to achieve a partnership and that is reasonable, certainly, discussion and negotiation beforehand; there must be a reasonable agreement between the partners to carry on whatever objectives are in mind and then an active sharing of the responsibilities afterwards. Granted these things, granted this kind of partnership, granted this kind of spirit, nothing can stop Canada from being great, but without partnership, no other form of such organization, whether it be master-servant or head office-branch office, can possibly lead this nation to greatness because no one single government sitting in any one capital, be it Ottawa or elsewhere, can possibly run all of the detailed affairs of this nation and make a nation of 20 million people or so stretched across the great expanse of this country with the many things to be done in it, no one single government can achieve that kind of greatness for this country.

Now there's one point left that I would like to deal with, and that is my honourable friend from St. John's took up the word "pre-empting" the tax fields, and raised some question as to what it meant, and I'm not sure whether he but some other speaker raised the point as to whether I really meant that because Ottawa had imposed a two percent social service tax, that I had really then made my case on that, that Ottawa had taken away our source of taxes. Well, that's not the case.

In the first place, without consultation, without warning, without considering the financial requirements of the partners of Confederation or the provincial partners of Confederation, Ottawa took its money first. The amount of money it took was over one billion dollars in a period of 12 months, and I have the particulars which perhaps should be laid before the House. In 2 1/2 budgets, beginning in December of 1967 and corrected in March of 1968 and corrected again and forecast in October of 1968 - in less than 12 months the federal government put on tax increases totalling to more than one billion dollars. Manitoba would be expected to pay something on the order of, shall we say, five percent of that, perhaps \$50 million per year, each year into the future, by reason of these tax changes. Such a very large sum having been extracted from the taxpayer of Manitoba, perhaps my honourable friend will see the force of the argument when I say that it least limits or reduces the capacity of any provincial government to seek further tax revenues from their own taxpayers right here at home, and it is by no means confined to the two percent tax. The details of how these increases were made are here and I don't think they're worth putting onto the record at this time, but it is by no means correct to say that the additional taxation placed upon the country by the federal government is confined to the social service tax because it isn't so. The total amounts imposed in a one-year period amount to about one billion, one hundred million dollars per year from there on. It's like saying, "We've taken all of the water out of the well; you go and get the rest," and with respect to Manitoba if I had been able to raise an additional \$50 million here without unfair taxation upon our own people, I'd have been tempted to consider it. But the capacity -- (Interjection) -- well, my honourable friend's going back to an argument that I have just finished, and perhaps if he would let me finish this part of my discussion, either now or some other time he will have an opportunity to state his point of view. But when all of the resources have been extracted by unilateral action, it leaves nothing for the other provinces - and I'm not speaking of Manitoba only; other provinces have made this case in identical terms, that how can they go to their taxpayer, when the taxpayer has been stretched to the limit, and secure anything more for their own purposes. And that is the meaning of the term "pre-emption" in the sense that I used it and those are the figures that I had in mind when I used it - the order of one billion, one hundred million dollars a year for Canada as a whole, which translated into Manitoba terms might well be something of the order of \$50 million a year. -- (Interjection) -- I beg your pardon?

MR. CHERNIACK: Suppose they took it in premiums.

MR. EVANS: Supposing they took it in premiums? Well, they elected not to.

MR. CHERNIACK: Wouldn't that be pre-emption, then?

MR. EVANS: What my honourable friend is saying is what if they had elected to finance their part of Medicare by putting on a premium? It's a hypothetical question. I don't know. I would not set myself up to suggest at any time what the present Ottawa government might do in any circumstance. I'm quite unable to say myself. Well, it means that one of the partners, by taking what I regard to have been all of the money available at that time, before any of the other partners could get their requirements, has been the action which I described as pre-empting or taking the resources available before anybody else could get theirs.

Well, I never like finishing on a negative note. I have no reservations about the future of Canada. What's more, I have no reservations about the future of our partnership called Confederation, and this can be done only by getting back into co-operation and partnership between the nation and the provinces because there's no other way of doing it, and as far as Manitoba and I am concerned, we will play our full part but at the same time we make no apology for saying Manitoba has a case and here is our case. Neither have made bad friends by arguing my side of the case strongly as long as I try to do it fairly, nor indeed do I deny anybody else that right; let them argue their case as strongly as they like as long as they do it fairly, and I think when you come to understanding on those grounds, it's a firm understanding and I offer that kind of co-operation with Ottawa and we will proceed along that line with every expectation that our partnership will prosper.

Now I saw my honourable friend looking at his watch a moment ago and he reminded me that I have perhaps gone on longer than perhaps I intended to, perhaps relying on the rule or the convention that a Minister defending the government on a motion of want of confidence, which is in fact what we are debating, is often allowed to go on. But I will close now on what I hope is an optimistic and forward-looking note, that having built a nation such as we have in a short time - and it is a short time as nations go - and having achieved a great deal in partnership between the provinces and the federal government, there is no doubt in my mind that we'll go on from strength to strength, and for my part and this government's part and I'm sure all of the people in Manitoba's part, we will co-operate, we will be a good partner, and we will help to build Canada.

..... continued on next page.

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MR. SPEAKER: The Honourable Member for Inkster.

MR. GREEN: Mr. Speaker, I want to tell the Honourable Minister that participating in the Budget Debate from the Opposition point of view is a very difficult and fear-inspiring procedure, and the reason is, whether the Minister of Finance knows it or not, that the Opposition parties are relatively limited in the resources available to them in determining what are sometimes very complicated matters. We don't have a million dollar administration by which we can back up our claims; we are forced to participate in an intensive and very short-time process of trying to examine a \$380 million operation which is from time to time changed in a way in which it makes it difficult to examine, and therefore when we come up with propositions, Mr. Speaker, I assure you that it is a very difficult job to put them forward and sometimes we put them forward with the fear that we may be making a mistake and for that reason, Mr. Speaker, we often have to couch our language with the hope that we are not overstepping ourselves. When the Member for St. John's says that the Minister of Finance has imposed what amounts to a 1,600 percent increase in the income tax, that on the face of it is a very rash statement; it's a very inviting statement; it's a statement that he wouldn't make without looking very carefully at the subject, and it's a statement, Mr. Speaker, which is a profound criticism of what the government is doing, and therefore, when those statements are made and not answered, Mr. Speaker, we feel that we are justified in our work and we are justified in having made the criticism that we made, and what is the Minister's answer to that criticism? He says that Ottawa has pre-empted the field, that Ottawa by imposing a two percent social development tax has taxed Manitobans \$50 million and has therefore in some way . . .

MR. EVANS: . . . wish to have me let that go. I didn't say by imposing the two percent tax that they had imposed \$50 million. That's the proposition I denied. It's the whole one billion one that's \$50 million.

MR. GREEN: Well Mr. Speaker, I thank the Honourable Minister for his correction, but the fact remains the same, that what the Minister is saying is that a certain amount of money has been raised in taxes by the federal government in Manitoba which makes it impossible, or which reduces somewhat the ability of the provincial government to raise \$50 million or the same fifty, and therefore the Minister says, "Ottawa having taken my powers away from me, will the honourable members tell me how I could have raised \$30 million." But Mr. Speaker, he's done it. He's done it. He doesn't have to ask us how. He knows that \$30 million in tax money is going to be collected from the citizens of Manitoba in addition to the 50 million that they will have to pay in federal tax, so he doesn't need any of our assistance in that connection. He's gone ahead and done it.

But what he persists in saying, Mr. Speaker, is that he hasn't done it, because he refuses to identify the worst form of tax with a tax. He refuses to concede this, and, Mr. Speaker, there is one fact of his speech and one fact of the proposition as put by the Opposition which remains completely undisputed. We indicated to the Minister that he has saved the citizen of Manitoba - and I ask him to now refute it if he says I'm wrong - we have saved the citizen of Manitoba who earns \$5,500 a year and has two children, we have saved him \$42.00 by charging him \$120.00. He has not refuted that proposition, and let me say, Mr. Speaker, that that proposition is not made without - again I repeat - a great deal of soul-searching. We had to take a \$300 million budget; we had to examine the amount of taxes which the Manitoba citizen is paying according to that budget. We examined them; we found out that he is paying \$395.00 - the Minister did not dispute it - and we indicated that the Minister was proposing a system whereby we will tax the Manitoban \$1,200 to save him \$395.00. We would impose \$1,200 in taxes to save somebody \$395.00 in taxes, and Mr. Speaker, to the person under \$5,500 it's far worse. We are imposing \$120.00 in some cases to save somebody \$10.00 in taxes and the Minister has left these questions, which I say were put forth after a great deal of examination, he has left these propositions unanswered except to say the following; that if we employed a more equitable system of taxation, if we taxed the citizen \$10.00 instead of \$120.00, we would have trouble inducing capital to enter the province. And the Minister said something else which is very revealing. He said we once had that situation. We had a one percent differential in the corporate income tax; we had a slight divergence, I think he said - maybe I'm wrong - in the personal income tax. And in those years, Mr. Speaker, we experienced resistance on the part of industry coming into the province.

Mr. Speaker, I wasn't in the House, but my distinct impression was that during those years, every year and year after year, the government bragged about development that was

(MR. GREEN cont'd) taking place in the province, and isn't that the nature of what they're now saying in Manitoba? Wasn't the First Minister's first declaration of policy to the following effect, that for the last 10 years we've been building; we have been inducing industry; we have been broadening our industrial base; we have been building the Province of Manitoba; we have been surging forward and we have reached unprecedented heights; but now we have arrived at the plateau and we're going to take it easy. We're not now at the stage where we are inducing development. If the Minister's budget was consistent with the declared aims of this government, he would now be increasing taxation in those areas where he would say that the economy was going to level off, but Mr. Speaker, in those 10 years did the Minister ever come to this House, or did the Provincial Treasurer, the former Prime Minister ever come into this House and say: "We're having difficulty attracting development; industry is leaving the Province of Manitoba?" Mr. Speaker, I wasn't here, but the member for St. John's was here and I read the newspaper, and my impression was that the government kept saying during all those years: "Manitoba is moving ahead as they never moved ahead before." "Keep Manitoba moving." "Industrial development." "People are flocking." during the years when you had that differential in the income tax.

So is this an acceptable proposition that the Minister is now making? Is he really saying that industry will not come here if you leave in the pockets of the people \$120.00 as against \$40.00 but they will come here if you tax the people \$120.00 instead of \$40.00? Is that his real proposition? Because, Mr. Speaker, it's untenable. Industry will come here if the people of Manitoba are enjoying healthy economic climates individually and are able to purchase the things that industry will sell to the very same extent, as he said, and he uses the argument that when the mines come here, they buy things; they provide jobs of one kind or another; there are a whole bunch of secondary developments take place. Well, Mr. Speaker, the same thing happens when money is in the hands of the people who have to spend it, and the Minister of Finance in this Budget has extracted from the people of the province of Manitoba - and he doesn't deny it, and nothing that he says in his final remarks deny it - he has extracted from the, and I use that person, the "average" person, \$5,500, he's taken \$120.00 away from him instead of taking \$40.00, so he has taxed him three times as much as he should tax him, and he says that this will create a favourable climate for industry.

Mr. Speaker, it's not going to create a very favourable climate for the individual Manitoban, and I suggest to you that industry can't progress unless the individual Manitoban is able to live in this province without the kind of taxation that this Minister now proposes to make the ideal, because he indicated not only has he done that with the Medicare premium but that new programs that will be introduced in Manitoba are going to be financed in this way, and I think that that was the point, Mr. Speaker, that was being made by members on our side, that the taxation by premium is more significant than just the Medicare scheme. It indicates a direction. It indicates that the government proposes to tax people per capita from now on for most increased expenditures and this, Mr. Speaker, is the most unfair tax, and I submit with the greatest of respect to the Minister of Finance that it has nothing to do with the Federal Government's taxation program. Is the Minister saying, Mr. Speaker -- let's take the reverse situation. Is the Minister saying that if last year, when we came to this House, if we had imposed an increase of 2 percent in the income tax, or as I put it, a one third increase in the Manitoba share of the income tax, that the federal government would have somehow been limited in taxing people in Manitoba? Is he making that as a serious suggestion? Because, Mr. Speaker, that is not the case, and either government within its areas of jurisdiction is perfectly right in acting on the basis of what it considers its mandate was, and what the Minister is obviously complaining about is that the federal government was enacting a Medicare program - which, by the way, it ran an election on - without consulting or without gaining first the approval of the provinces before so doing.

And then, Mr. Speaker, we come to what is happening in federal-provincial relations, and I believe that this is the most important issue facing the people of the province of Manitoba and facing the people of Canada, and I believe, Mr. Speaker, that what makes it most important is the pretense of an argument between the federal and the provincial governments, the pretense that what the First Minister of this province said is different than what the Prime Minister of Canada is saying, because they are both saying exactly the same thing, and as the Member for St. John's put it, and I ask members in the House to take cognizance of his remark, that that policy will lead to ten Canadas and not two Canadas, which the Prime Minister of Canada said

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(MR. GREEN cont'd) that he was anxious to avoid.

Both say, Mr. Speaker, both the Premier of this province and the Prime Minister of Canada say that the Federal Government should not be involved in fields of spending which are strictly within the limits of provincial jurisdiction under the BNA Act. Take a specific example. Both say that the federal government should not be involved in Medicare. The Prime Minister of this country doesn't believe that Canada should have gone into Medicare. The only reason that he went along with it is that he would have lost four or five Cabinet Ministers who supported him at the Liberal Leadership convention if he didn't say that he would stick with it, but he hastily added that he wouldn't go into any new schemes and the first thing that he did when he got into the parliament of Canada was to say that "five years later we'll probably get out of it," so he believes the same as the First Minister of this province believes, that Canada should not be involved in these programs, that these should be left to the provinces. He would take us out, Mr. Speaker, of all the areas of cost-sharing programs; health, education and welfare, and the manpower training. He would take us out of all those programs and I suggest to you that the way the First Minister of this province is talking, he would take us out too. We would have no such thing as a national pension program; we would have no such thing as a national hospitalization program; we would have no such thing as a national Medicare. Instead, each province would behave fiscally within its BNA strait jacket which was made 100 years ago and which these people are saying let's get back to, and both of them believe it.

So what scares me. Mr. Speaker, is that we are going to be lured into this position on the basis that it was fought out as between the provinces. It's not being fought out. Once Manitoba goes along with it, Alberta, Ontario and British Columbia, Mr. Speaker, will jump at the chance. And why will they jump at the chance? For a very simple reason that has been mentioned already by the Leader of the Opposition and the Member for St. John's: that we, as one of the lesser economically gifted provinces of this country, have most to gain from participating in the shared cost program. We have most to gain as Canadians from having national programs rather than provincial programs.

Mr. Speaker, what are the facts? The Province of Manitoba - these are figures that were given to me by our Minister of Finance - pays roughly \$207.14 per capita to the Federal treasury. We receive in return \$84.56 so we receive 40 percent of all that we are paying. But Mr. Speaker, the province of Alberta pays \$200.00 in federal taxes and receives in return \$59.00 in the thereabouts of one quarter. We receive 40 percent; they receive roughly 25 percent. The province of Ontario pays \$320.00 and they receive \$47.00 - \$47.00 out of \$320.00, less than a sixth. Who benefits by the cost-sharing programs that are instituted on a national scale? The province of Manitoba. And this First Minister says that he would like to reduce the amount of these programs.

Well, the Leader of the Opposition, I think he called it madness. Mr. Speaker, I don't know if the word is parliamentary, but I would suggest that it's an apt word; that it is completely self-defeating for us to do this; and what scares me is that no one at Ottawa is going to protect us, because the Prime Minister of this country, if anybody will listen to what he is saying or if anybody will read what he has written, says exactly the same thing, and there is no argument as between them, and what he believes in and what the First Minister apparently believes in, is that we should have ten separate semi-sovereign states in Canada, and this is what is now being advocated by a provincial government which gets the benefit from the exact opposite.

MR. SPEAKER: May I remind the honourable gentleman I must call the vote in five minutes' time.

MR. GREEN: Thank you, Mr. Speaker. Mr. Speaker, the Honourable the Minister of Finance in this debate has narrowed the issue down to the question of whether the people of Manitoba are best served by somehow luring by financial incentive, the bearers of gifts, the possessors of wealth, to come into the province of Manitoba as against making the people in the province of Manitoba wealthy, and Mr. Speaker, I want to refer to what Michael Barkway said on Wednesday evening. He said there is no way of creating wealth other than people working on resources, and no owner of wealth brings anything to the province which thereby creates people working on resources. No bearer of wealth puts any resources into the province of Manitoba. No owner of capital coming into the province of Manitoba brings any people to develop those resources, and we have continually indicated, Mr. Speaker, that all that that owner of capital does is provide a means whereby the citizens of Manitoba can develop their

(MR. GREEN cont'd) . . . own wealth, and we say that as long as the owners of capital are willing to come in and do that, that's fine. Let them do it. But if they won't come in, Mr. Speaker, surely it's self-defeating to say that we are going to pay them to come in, or we are going to somehow give them some sort of tax relief like let the mining companies extract wealth from the province of Manitoba on the basis that they create jobs or that they create communities.

Well, Mr. Speaker, I think that we have to look at these communities. I think we have to see whether the kind of living that is provided for the people in Thompson, Manitoba, is a kind of living which is worth getting people in, to develop our resources, without them paying a fair return, because that is what is suggested by the Minister of Finance, and I suggest, Mr. Speaker, that if that's the only way of attracting wealth, then obviously we are engaged in self-defeating bidding as between various provinces, and if the Minister thinks that resources in Manitoba are worth developing and nobody will come in and develop them, rather than giving a tax holiday for somebody to come in and do it, I suggest that he do it himself, that we let the people of Manitoba develop their own wealth, and let them own it, because that's where we come down to, Mr. Speaker. That's where we come down to when we say that it's better to reduce taxes on these corporations and get nothing out of them, and get no return from them, than to let the people of Manitoba themselves develop the resources that exist within this province.

MR. LYON: Can the honourable member answer a question? Can he tell us what nation on earth that he is aware of where nationalized industry in a resource base like that is working?

MR. GREEN: Mr. Speaker, you know, the Minister of Finance indicated that if it were not for the development of Inco in 1957 we would have had a real recession; that other economic industries across the province indicated a recession; that ours did not indicate a recession because of the economic index provided by Inco. Mr. Speaker, do you know that that is true today in Manitoba? That if it were not for the development of Manitoba Hydro, if it were not for that public investment project, do you know that all of the indices . . .

MR. LYON: I'm talking about mining.

MR. GREEN: Do you know that all of the economic indices in Manitoba would indicate a recession were we not publicly together providing the capital to develop the power resources of this province?

MR. LYON: You don't want to answer the question.

MR. GREEN: The Honourable Member says that mines don't make money.

MR. LYON: No, no, I didn't.

MR. GREEN: Mr. Speaker, I would suggest to you . . .

MR. LYON: Where is nationalized mining working except in Russia? If indeed there?

MR. GREEN: All I am able to say, Mr. Speaker, is that the people who develop mines do so not for the purpose of losing money. They do so for the purpose of . . .

MR. SPEAKER: I am sorry to interrupt this very interesting debate but it is now 9:30. Are you ready for the question on the amendment?

MR. SPEAKER put the question and after a voice vote declared the motion lost.

MR. MOLGAT: Ayes and Nays, Mr. Speaker.

MR. SPEAKER: Call in the members.

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

YEAS: Messrs. Borowski, Cherniack, Desjardins, Doern, Dow, Fox, Froese, Green, Hanuschak, Harris, Hillhouse, Johnston, Kawchuk, Miller, Molgat, Patrick, Petursson, Shoemaker, Tanchak, Uskiw, Vielfaure.

NAYS: Messrs. Baizley, Bjornson, Carroll, Cowan, Craik, Einarson, Evans, Graham, Hamilton, Johnson, Jorgenson, Klym, Lissaman, Lyon, McGregor, McKellar, McKenzie, McLean, Spivak, Stanes, Steen, Watt, Weir, Witney and Mesdames Forbes and Morrison.

MR. CLERK: Yeas, 21; Nays, 26.

MR. SPEAKER: I declare the amendment lost. Are you ready for the question on the main motion?

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

MR. LYON: The motion that we've just passed, Mr. Speaker, is of course that the House should dissolve itself into Committee of Ways and Means.

MR. SPEAKER: It's been so long.

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

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(MR. SPEAKER cont'd) and the House resolved itself into Committee of Ways and Means with the Honourable Member for Souris-Lansdowne in the Chair.

COMMITTEE OF WAYS AND MEANS

MR. EVANS: Mr. Chairman, at this stage we're usually confronted with a situation in which we have a resolution for granting to Her Majesty the entire sum contained in the estimates, but we have not completed our work in the Committee of Supply to determine whether there should or should not be any changes in those estimates, so if the House agrees I propose that we read the resolution and then rise from committee and ask Mr. Speaker to join us again.

MR. MOLGAT: Mr. Chairman, I take it the resolution will remain in committee. The committee will rise having made no decision.

MR. CHERNIACK: Mr. Chairman, you might clarify for me: do we not in this committee also deal with the revenue items?

MR. EVANS: Yes we do, and I must ask the Clerk what resolutions we have in the committee at the present time to read.

MR. CLERK: There's just one resolution.

MR. EVANS: Mr. Chairman, there's just one resolution before the committee at this stage and that is the total amount of the estimates less any amounts that are provided by statute that do not have to be voted, and at the present stage there is the one resolution here which I suggest we read, leave in committee, and the committee rise.

MR. CHERNIACK: Mr. Chairman, I'd like to get some clarification on when we deal with the four pages of revenue items.

MR. FROESE: Mr. Chairman, I would take it that the total amount of the estimates as listed on these sheets is open for discussion under this item.

MR. EVANS: Mr. Chairman, I am informed that the revenue estimates are distributed only for information. They are not dealt with in committee. The responsibility of the House is to vote supply to Her Majesty, not to pass the individual revenue items, individual revenue resolutions.

MR. MOLGAT: Mr. Chairman, I think it would be absolutely proper if any member wishes to discuss an item in the revenue or ask questions about it, that he can do so in this committee. I think it's the proper place to do it. I recognize that they are not voted on item by item, but I think that the whole question of revenue is now open for questioning.

MR. EVANS: Mr. Chairman, I think at some later stage, not tonight, I would be prepared to go through the estimates whether it's by way of formal resolution or not and answer any questions, provide information, provide an opportunity for debate with respect to any revenue item. I think that would be quite proper in committee except that it will not be placed here by way of a formal resolution read tonight.

MR. CHERNIACK: Mr. Chairman, that certainly satisfies me. I don't think there's any need to do it today but I do want to clarify my understanding, at least bolstered by what we already discussed today, that we will have an opportunity in dealing with this resolution, the one that you will have before you, of reviewing any of the items on these four pages to make statements and to make enquiries. In clarification there are certain matters here obviously about which we are not aware and on which we will want to have and are entitled to have more detailed information. So on the understanding, which I think is clear now, that we will have that opportunity, then certainly I wouldn't insist on it being done tonight.

May I however, while I am on my feet, remind the Honourable the Minister that he did undertake to let us have a breakdown of the actual revenue and expenditures for the year which ended March 31, 1969, and it would be most helpful if we could have the information before we meet again in this committee on the revenue items so we will have the comparison available to us when we deal with it. I would also hope that when we go into estimates that we will also have that information as soon as possible, so for the same reason we can have a comparison.

MR. FROESE: Mr. Chairman, I think this is the only occasion where we will be permitted to discuss the items of revenue in this brochure. This will not appear before us at any other occasion, and therefore I would certainly want to have some questions answered in connection with the natural resources and mining royalties. We know that the federal government is taxing the natural resources of other provinces and as a result we are gaining in Manitoba by it. I would like the Honourable Minister to explain just in what way does the federal government tax the natural resources in other provinces and how are we gaining by

(MR. FROESE cont'd) this. How is that tax distributed among the other have-not provinces?

MR. EVANS: Well, Mr. Chairman, I'll undertake to prepare myself as well as I can. Doubtless as the discussion proceeds I may have to seek assistance for some of the detailed questions. Certainly with respect to any federal taxation I would find it difficult to answer because they're not my responsibility. I would like to provide information on the year just closed last March 31st. The books however are still open and we still have the first 20 days of April - we're still paying accounts and I think revenue can be collected in the first 30 days of the next year, so the books aren't even closed yet and it may not be possible for me to provide additional breakdowns of last year's total expenditure beyond the estimates that I gave in my budget speech.

MR. CHERNIACK: That's the point, Mr. Chairman. All I recall in the estimates which were given by the Honourable Minister was the total, just one total figure, which amount I needn't repeat, but it was somewhere around \$360 million as I recall it, but certainly the Minister used some sort of figures at which to arrive at this. I would not for a moment suggest that we have a right to expect a confirmed amount, but certainly estimates would come pretty close to being right, and even then I'm only asking of the Minister to give us the best knowledge that he has without making him accountable to justify the figures that he gives us because they are estimates. The 20 days are over anyway, so you at least know that you're through, you have no more cheques to pay on that. -- (Interjection) -- No, I realize that. But certainly having arrived at the figure it was done on some basis, and since I think we don't really think in terms of "what's a million?", but suppose we say "what's a thousand?", surely within that we can work it out.

MR. FROESE: Mr. Chairman, I think there are other items that are open to question. We are not experiencing any increase in prosperity in Manitoba yet we find that the estimates for the Revenue Tax are up 20 percent for next year. A year ago they were estimated at \$50 million; now we find them estimated at \$60 million. How is this possible in our present day when we find that everything is getting tighter and tighter and the farmer is getting in a bigger squeeze and that we find ourselves in a situation where we have less money to spend and that the government expects a 10 million increase in revenue from this one particular tax. Surely there must be an answer to that.

MR. CHAIRMAN: . . . Resolution. Resolved that towards making good certain sums of money granted to Her Majesty for the public service of the Province for the fiscal year ending the 31st day of March, 1970, the sum of \$364,656,461 be granted out of the Consolidated Fund. Committee rise and report.

MR. MOLGAT: Before the committee rises, how does that figure relate to the revenue estimates that are given to us? Did I hear you correctly say \$364 million?

MR. EVANS: There are other sums to be added to that for the balance of the budget, namely the statutory items, including items such as pensions and other items which are not subject to a vote of the House but are authorized by legislation.

MR. MOLGAT: But even these items, Mr. Chairman, surpass \$364 million; these come to \$378 million.

MR. CHAIRMAN: I have them here before me: \$414,000 for Indemnities and Speaker, \$4,610 for pensions; and \$12,768,616 for statutory capital. That amounts to a total of \$13,187,226 and that reduces the \$377,843,687 down to \$364,656,461.

MR. MOLGAT: Mr. Chairman, will the Minister then, when we next meet in committee to discuss this, could he obtain for us then the breakdown of federal revenues and how we can from this ascertain exactly what it is the province is receiving in way of moneys from Ottawa. I see them under three headings: Federal Tax Rebates, Government of Canada Subsidy, Shared-Cost Receipts. Then there is in addition to that the payments to Medicare and Hospital Insurance which are separate as I understand. Could the Minister have for us the next time the totals so we can arrive at a figure?

And also, could he then be in a position to explain to us the relationship between last year's figures which came to a total of \$377 million and yet this year they are shown in the left hand column, the comparable figures are 342. Now I think there has been a shift in the hospital figures, but if I could have assurance that that is correct.

MR. FROESE: Mr. Chairman, I think the chairman just mentioned a figure of some \$12 million, an item there for capital. Just what is it for?

April 21, 1969

MR. CHAIRMAN: Committee rise and report. Call in the Speaker. Mr. Speaker, the Committee of Ways and Means wish to report progress and ask 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.

HON. CHARLES H. WITNEY (Minister of Labour) (Flin Flon): Mr. Speaker, I beg to move, seconded by the Honourable Minister of Health and Social Services, that Mr. Speaker do now leave the Chair and the House resolve itself into Committee of the Whole to consider the following Bills: No. 5 and No. 8.

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

COMMITTEE OF THE WHOLE HOUSE

MR. CHAIRMAN: Bill No. 5, An Act to amend The Vacations with Pay Act. Section 1--passed; 7(1)--passed; (2)--passed; (3)--passed; (7)--passed; (1)--passed; (2)--passed;

MR. PETER FOX (Kildonan): Mr. Chairman, I believe you are referring to 11 (a)?

MR. CHAIRMAN: Yes, we are on 11 (a) now.

MR. FOX: In respect to 11 (a), Mr. Chairman, as you recall in committee, in Law Amendments, there was some discussion in respect to altering this section, and one of the issues that had been requested was that it would be the gross pay that would be the basis of calculation. Now this is due for a number of reasons, Mr. Chairman. It is very difficult for employees to have any awareness of how much is their regular pay and how much is their gross pay if they are in industries where they are getting paid weekly, in construction where they are moving about. I think therefore it is reasonable that they should also have it on their total pay. One other basic reason for this, Mr. Chairman, is the fact that these people quite often are in seasonal industries and they do not work a full year. During the very heavy season they will work more than normal regular hours, but later on they will be laid off and consequently their pay is decreased by that much if they are only getting it on regular pay. Therefore, I would move, seconded by the Honourable Member for Burrows, that Section 11 (a) be amended by inserting the word "gross" before the word "wages" in the fifth line thereof and deleting the words "regular working" in the said fifth line.

MR. CHAIRMAN presented the motion.

MR. CHAIRMAN: The Honourable Member for St. John's.

MR. CHERNIACK: Mr. Chairman, I would hope that we would have some discussion on this, especially an indication from those people who may have in mind to oppose this motion. It seems to me that we ought to understand just what is the objective of the Vacation with Pay Act. As I see it, we have reached the stage where we have agreed that an employee is entitled to two weeks vacation with pay, and this four percent figure is just that. It is two-fiftieths of a year. A person is considered, after having worked 50 weeks in a year, to become entitled to two weeks holiday with pay, and Mr. Chairman, all we are talking about now is the interpretation of what "with pay" is. There's no question about the time he is allowed off, but what is "pay". And you have to accept the fact, Mr. Chairman, when a person works 50 weeks in a year he has received a total return for his money.

Now when we have this 11 (a) before us, we are reading the words "in respect of regular working hours worked". If that word "worked" were taken out then there might be some sense in saying we won't recognize overtime, but in effect what the Minister is saying in proposing this Bill in this wording is we will have the employer pay four percent of the hours worked, but we will not pay you four percent or any percent of the hours when you were available to work and didn't work because there was no work available for you. That's in effect what this means, because a person that has been laid off for a week or two weeks or a month in that 50 weeks is not going to get his four percent of the period of time and therefore he is not going to get two weeks out of the year paid for on the basis of full time employment. If the Minister is not prepared to take out the word "work", if he says you only get a percentage of what you earn, then surely you have to take into account what he earns all year, which includes overtime pay.

Therefore, I think this is a reasonable request, a reasonable indication of what is the proper way to measure the value of two weeks in 52 in which a person is entitled to rest, to

(MR. CHERNIACK cont'd) leave his employment for that period of time at the expense of his employer as part of his wage package. I would certainly urge that before this motion is dealt with that people who don't intend to support it should give us the courtesy, or give the courtesy to those who are interested and affected by this, an explanation as to why they are not prepared to do so.

MR. CHAIRMAN: Committee rise. Call in the Speaker.

Mr. Speaker, the Committee of the Whole wishes to report progress and asks leave to sit again.

IN SESSION

MR. McKELLAR: Mr. Speaker, I beg to move, seconded by the Honourable Member for Winnipeg Centre, that the report of the Committee be received.

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 the 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 2:30 Tuesday afternoon.