

THE LEGISLATIVE ASSEMBLY OF MANITOBA
8:00 o'clock, Tuesday, September 23, 1969

MR. SPEAKER: The proposed motion of the Honourable Minister of Finance. The Honourable Leader of the Official Opposition.

MR. WALTER WEIR (Leader of the Opposition) (Minnedosa): Mr. Speaker, this of course is a session of "firsts". Not only is it the first effort of the Minister of Finance at a budget, it's my first effort in reply, and I think that before I discuss the budget at any length, it is only fitting, Sir, that I congratulate the Minister of Finance. I recognize that this is his first effort in this department, and with that in mind I think it fitting to recognize that I'm sure he's devoted a great deal of time and effort in the preparation of the final result that he presented to us on Thursday night.

At first glance, Manitobans might think "Mm, not bad. Not bad." But after they've studied and seriously deliberated the budget, then their optimistic first impression, I think, will be altered rather greatly. The Minister stated that his budget speech was not traditional. You know, Mr. Speaker, I don't have any trouble agreeing with him in this statement. It isn't traditional, but it does establish a direction, a direction that is important, not just for the specific changes it announced but the direction that it indicates will be taken in the future, a direction which I believe will spell absolute disaster for this province. Not only does the Minister's apparent lack of concern for the competitive position of our province in providing a base of operations for industrial and commercial ventures cause me consternation, but when you add this to the equally obvious lack of concern over cost of public service for the people of Manitoba, one can realize that this will only result in drastic tax increases to all Manitobans - and I mean all Manitobans, both in the progressive tax field, of which my friends opposite are so proud, and the many other fields of taxation which contribute to the Consolidated Revenue Fund. I will be dealing with this at some length later on but for now, Mr. Speaker, it's suffice to say that if the Minister intends to follow - and I quote him - "an equitable contribution to the costs of government based on the principle of ability-to-pay" then he should be forewarned. Our province must have economic development or our people will have to pay increasing amounts to offset that lack of development.

I'm most grateful to the Minister of Finance for the kind and enlightened statements that he made about Manitoba's present economic position. I feel - and a politician seldom does - that not only myself but those in my administration can give themselves a firm pat on the back, Mr. Speaker, because it was our government which put Manitoba in her present economic position. We deliberately planned for our province's growth and development and it is enlightening to know that this government not only recognizes this but sees fit to inform all Manitobans.

The Minister has stressed again in his address that he feels that it is entirely unnecessary for members of this House to debate the estimates of governmental departments. The Minister believes, and I think he is sincere in this belief, that it is unnecessary because it is only a few months ago that these estimates were debated and that this is what he terms "a cleanup session". Well, once again, Mr. Speaker, I must reiterate my feelings on this. The estimate debates are really the only opportunity of members of the Legislature to discuss not only the present direction of our province but, more important even, the future direction that we will be taking. That is, as I see it, the reason that the people of Manitoba have elected us. To do this, estimate debates are vital and essential. Estimate debates apply not only to the consideration of expenditures of money, but provide the forum for discussion of public policy for Manitoba's future development.

There has been a change of representation in the House, Mr. Speaker. We have new members, not void of ideas but needing an opportunity to make suggestions to the government and to criticize constructively those programs and policies which they feel can be improved, and I think, Mr. Speaker, that we must look at the present economic situation in our province. Manitoba right now is sitting fairly well. She has much to offer her people. Look at our unemployment record. I need only quote, Mr. Speaker, the Minister of Labour in an address that he gave to this Assembly, on Page 322 of Hansard on August 29th of this year, and I quote: "At the present time unemployment in Manitoba, together with the two other prairie provinces, is at the lowest in the country, below the arbitrary three percent full employment figure, and is lower even than it was at this time last year, and we all trust that it will continue to be so in the Province of Manitoba." Look at our average wage, Mr. Speaker. During the last two

(MR. WEIR cont'd.) to three years, Manitoba's weekly wage has increased at a rate higher than any other major province in Canada, and what is equally as important is that this was done under strike-free conditions and under full employment. Today I believe we have the best unemployment record in Canada. I understand that the figure for August was 1.3 percent. This is almost unbelievable; it's almost unbelievable.

Mr. Speaker, the statistics quoted by the Minister when he departed from his text last Thursday evening was, to say the least, misleading. He said, and I quote him verbatim: "The latest report made public is for 1967 and I doubt that the situation has altered materially since that time. This report shows that in the year more than 43 percent of all Manitobans filing income tax returns indicated a total annual income of less than \$3,000.00. These figures are startling and they are depressing, particularly when one contemplates the fact that, by any reasonable standard of measurement, people with these levels of income are living near or below the poverty line." Mr. Speaker, Manitoba's statistics used in this way leaves the impression that Manitoba is a bad place to live. What is startling and depressing, Mr. Speaker, is that the Minister chose to use this statistic in this way. When one considers the makeup of that statistic, when one considers the part-time employment of university students and others, then one must realize that this statistic is of value only comparatively with other provinces. The Minister neglected to provide, in an irresponsible manner I might add, he neglected to provide comparable statistics for the other Canadian provinces and, Mr. Speaker, I'd like to give the House these comparative figures.

In the Maritime provinces, which experienced even more difficulties than the prairies, the statistics are considerably higher. Newfoundland stands at 51.70 percent. Prince Edward Island stands at 57.98 percent. Nova Scotia is 46.7 percent. New Brunswick is 49.42 percent. Ontario reports 34.80 percent. British Columbia, Canada's wealthiest province, even there the percentage, Mr. Speaker, is 35.16 percent, and when you relate Manitoba's figure to that of Saskatchewan and even oil-rich Alberta, our closest neighbours and, I think it probably fair to say, our greatest competitors (they stand at 43.02 percent and 40.18 percent respectively), Manitoba's situation is not as startling nor as depressing as the Minister tried to indicate. Mr. Speaker, if there had been an attempt to show that everybody was bad, why weren't all the statistics used? The statistic was used to make it believe, the people of Manitoba, that Manitoba was worse than others. I ask you to go back and read that area where the Minister of Finance departed - in his words - departed from his text. I ask you to have listened to the By-lines and the concerns of the people of Manitoba the following morning on the radio, when there was a misinterpretation by many people in Manitoba as a result of the manner in which that statistic was used. -- (Interjection) -- Mr. Speaker, I sat quietly and listened to the Minister of Finance define to us the direction in which this province should go. I think that the least that can be expected of my friends opposite, who aren't strong on courtesy, is to sit there this evening and allow me to reply to the remarks of the Minister of Finance.

Certainly, Mr. Speaker, we have a distance to go. We want to see Manitoba's percentage entirely, if possible, reduced; cut out entirely; but to my way of thinking, our position in Manitoba has never been so good. The government of Canada is projecting an increase in our revenues this year, in large part from income tax and corporation tax. The growth of these personal and corporate taxes is a good indication of our economic health. This is a direct result of taxation policies and other policies which were deliberately designed for that purpose. Mr. Speaker, please digest that last sentence carefully - "deliberately designed for that purpose." Manitoba's present economic position did not just happen - it was planned carefully and deliberately with much thought and foresight. It was planned so that Manitoba could reach an economic plateau, where taxes could be kept in line and every citizen would eventually have the best components of a good place to live and still, Mr. Speaker, be able to take home enough of their pay cheques to enjoy it. In accepting Ottawa's estimates of revenue as realistic, one would hope that the Department of Finance is more up-to-date than some other federal departments - as examples, the Department of Agriculture and the Department of Trade and Commerce - in recognizing the serious economic position which the agricultural industry finds itself in in Manitoba and throughout the west. The absence of cash, cash in the farmer's pocket, will reflect itself in all aspects of the economic community of Manitoba and reduce the profit margins on which many Manitobans must base their tax returns. Failure to recognize this fact at this time would assure an overly optimistic estimate of revenue next year, Mr. Speaker.

(MR. WEIR cont'd.)

Yes, Mr. Speaker, Manitoba's economic picture does look pretty good, although of course we must concentrate on some segments of it, segments like agriculture. But again these things do not just happen. At least they did not just happen under our administration. We planned them; we blueprinted plans for Manitoba's future. (Does my friend have marbles in his head that he's trying to rattle? Oh, fine.) Well, one segment of that blueprint was a consideration by a representative group of Manitobans who studied the Manitoba scene for long-range development, popularly referred to as the TED Report. One of the main recommendations related to taxation, and I quote, Mr. Speaker: "The target for Manitoba's development with respect to taxes is to maintain its level of taxation within the competitive range of the industrial tax loads imposed by Alberta and Saskatchewan, and to design future taxation changes so that they will not deter continued industrial expansion. Manitoba's only real hope for the healthy growth of tax revenues lies in the growth of the tax base provided by industrial expansion."

A great theory. At least we believe so, Mr. Speaker. The one way to help a Manitoban, any Manitoban, insofar as the tax picture is concerned, is to encourage new industry and new development in this province. Obviously the Minister of Finance has chosen to ignore the advice of 400 dedicated Manitobans who devoted almost two years to this study. He will, in fact, frighten away potential investors in our province with his budget proposals. -- (Interjection) -- Come where, my friend? -- (Interjection) -- Maybe we should gamble about it. Maybe we should gamble on it. Does my honourable friend have something he wanted to bury? -- (Interjections) --

Well, Mr. Speaker, the Minister has minimized the impact of his tax changes. I refer to the six points personal income tax and two percent corporate income tax, which completely skips the actual increase, Mr. Speaker, of what is 18 percent of the provincial tax in both cases. Even worse, Mr. Speaker, was the Minister's attempt to fail to recognize the competitive position of Manitoba with the rest of Canada. Manitoba's personal income tax is 18 percent higher than Saskatchewan and Alberta, 30 percent higher than the Maritimes and 40 percent higher than Ontario and British Columbia. Manitoba's corporation tax is 30 percent higher than British Columbia, 18 percent higher than Alberta and Saskatchewan and 30 percent higher than the Maritimes. Ontario did have a higher corporation tax than Manitoba but the announced changes will place Manitoba a startling 12 percent higher than Ontario, notwithstanding, Mr. Speaker, other economic factors. Consider that Ontario has the advantage in terms of freight rates. As well, general and specific access to markets (markets really can be described as population) improves the Ontario position and makes Manitoba's economic position that much more difficult. All this makes for a situation hard to be proud of.

MR. SCHREYER: Will the honourable member permit a question?

MR. WEIR: Well, I reserved, when my honourable friend spoke, questions until such time as he was completed, and I think that . . .

MR. SCHREYER: I'm sorry to interrupt my honourable friend just to ask him if he is sure that the corporate income tax will now be, I believe you said, 12 percent higher than Ontario. My understanding is it will be more like eight percent.

MR. WEIR: Mr. Speaker, my arithmetic, which may be faulty, is that it's 12 percent. It's recognized that there are other taxes on corporations in Ontario that we don't have here, which if they were added on might make it the eight percent, but it's also recognized in Manitoba that we have real estate taxes with a stronger differential in terms of industry in Manitoba than they have in Ontario. I've balanced one against the other, and in my view it's a reasonable and a fair figure to use 12 percent as the differential. Now, argue details if you would, but there are differences in other fields of taxation which can be attributed to Industry and Commerce, but if you take corporation tax alone, it's my understanding that 12 percent would be the accurate figure in that area. -- (Interjection) -- Well, I'll leave my honourable friend with his 8.3.

And as I was saying, Mr. Speaker, before I was interrupted by my honourable friend the First Minister -- Mr. Speaker, did my honourable friend the Minister of Labour want to quote Shakespeare or . . . -- (Interjection) -- All I can say is, Mr. Speaker, this isn't the only thing that my honourable friend is unaware of. All of this makes for a situation, Mr. Speaker, that is hard to be proud of, difficult to encourage new industry without recognizing the impact of our new tax changes. We endeavoured to make the climate in Manitoba favourable

(MR. WEIR cont'd.) to industry on a competitive basis. Take, for example, the estate tax. The present government does not think estate tax is important but, Mr. Speaker, business does. A tax haven exists in Saskatchewan and Alberta and we must recognize it. Here again, Mr. Speaker, the Minister chooses to ignore the commission's recommendations, the TED Commission's recommendation on estate tax. I, too, believe that this is a form of taxation which should be only federal. I acknowledge this, as I have on more than one occasion, but I cannot help but agree with the advice of the TED Commission when they said, and I quote: "Manitoba cannot afford to withhold rebates of the provincial portions of estate taxes if such rebates are available to residents of Saskatchewan and Alberta. To do so would not only tend to drive out of Manitoba those actively involved in the province's industrial growth, but to deprive the province of those income taxes they would pay if they remained resident in Manitoba. The costs of such rebates appear to be outweighed by the benefits they afford to family business, particularly farmers and growth companies."

This is but one more Manitoba barrier that this government is allowing to encourage the economic development of Saskatchewan and Alberta. The estate tax rebate is certainly an incentive for the location of capital. The question is, Mr. Speaker, how do I make my honourable friends across the room realize this? With corporation taxes rising, with a promise that this is only the beginning, Mr. Speaker, my greatest fear is: How will this province of ours attract new business, new capital? How will we compete with the other provinces? If we don't, if we cannot encourage new industry, then in the end it is the man on the street, it is the hard-working, keep-the-bread-and-butter-on-the-table Manitoban who will feel the pinch, and it is the policies of the present government who will fit that shoe.

Mr. Speaker, I'm not only addressing the members of this House, but every Manitoban. I urge them to study carefully what is developing in our province if moves such as this one by the Minister of Finance takes firm hold in our province. If the government cannot attract new industry, indeed if the government frightens away present business in Manitoba, then what will happen to our workers? Wages which have been on the increase because of new industry developing in Manitoba will certainly decline, and in the long run it is the people who will pay. They will pay through increased taxation; they will pay through declining wage rates; and I ask you, Mr. Speaker, just where will our high school and university graduates find employment with little industrial development in our province? Manitobans could very well walk around singing "Where oh where has my little job gone?" Well, Mr. Speaker, it will be gone with the wind; gone with the wind; gone to the other provinces that are more enticing to industry and to business.

It could well be that with rises in the corporation tax levels, industry will pass this increase along to the consumer, and so in this sense as well it will be the people of Manitoba who will pay. I wonder what the First Minister will say on business trips when he will be inviting new industry into the province - and I understand he's soon to go east; within the next two or three weeks he's intending to go east, and I expect when he gets east and he gets talking to these people, one of the questions that they will ask: "Mr. Premier, come to Manitoba? Why?" Come to Manitoba? Why? I wonder if the First Minister's answer will be: "Because we have the highest personal and corporate income taxes in Canada." I wonder if it's because of these taxes that he expects to be able to induce these people to Manitoba. Mr. Speaker, it was a long, hard climb to our present position in Manitoba, which has proved enticing to new industry, but with policies such as those of this government, it will be a fast trip back.

A MEMBER: Who wrote the speech. . . . ?

MR. WEIR: I did, Mr. Speaker, and I would think that that is a motive that needn't be expressed by a member on the opposite side under these terms and conditions that this House operates, and I think that that is a comment that is completely uncalled for. And I can tell you this, Mr. Speaker, I expect to be able to conclude this speech in a matter of about 20 minutes, if there's no trouble from the other side. --(Interjection)-- Mr. Speaker, my friend doesn't need to enter in. If I didn't do it from a prepared speech, Mr. Speaker, I could do the same darn thing except I could do it in about 50 minutes. Now if my honourable friends would like to save 25 minutes, would they please bear with me.

MR. PAULLEY: just carry on. . . .

MR. WEIR: Well, I appreciate the advice of my honourable friend the House Leader. Mr. Speaker, every Manitoban must ask himself these questions as a result of the Finance Minister's statement, the statement that he intends to seek this method of taxation.

(MR. WEIR cont'd) I'd suggest every Manitoba look ahead and ask himself: What will happen to Manitoba's growth and development? Will I have a job? Will my company still be here or will they, for economic reasons, have no choice but to pull out? This, Mr. Speaker, might sound drastic now, but the precedent is there if the government frightens away would-be investors in Manitoba's future.

The Minister talked about equality of opportunity. He must bear in mind that equality of opportunity for industry to survive in Manitoba must be equal to that of other provinces. When he talks about equality of opportunity what does he mean in terms of the workingman? Take one of the developing countries overseas - they too are striving for equality of opportunity, but if that equality means one loaf of bread divided among many individuals, it's a pretty skimpy opportunity. With more industry and the revenue that flows from these industries, then I believe it will be much easier to divide the burden equally.

My honourable friend the Minister of Finance is helping to make my worst fears come true. We have endeavoured to make the economic climate more acceptable, to encourage new industry to come to Manitoba. Industry brings jobs, higher wages and a better standard of living. Look at our existing situation. A major reason that it is as favourable as it is, is a direct result of our ability to provide huge quantities of hydro at low rates. Manitoba could provide potential industry a guarantee of inexpensive hydro in great abundance. This government's indecision on Southern Indian Lake leaves Manitoba in dire doubt about future hydro rates. In fact, this government's inability to act will almost certainly force hydro rate increases, and who can be sure that we will be in a position to provide adequate supplies of power?

The Minister of Youth and Education has indicated that he, too, is concerned about the cost of education in Manitoba. He recognizes something must be done to control school costs. It's reasonable, Mr. Speaker, and even acceptable that he could not accept our methods of cost control in education. The question is why - why, oh why, Mr. Speaker, has he not come up with some controls of his own? The Minister must consider that when people are looking to Manitoba as a possible settling place they will look at school costs and as a matter of fact, if one looks at school taxes in relation to agriculture in Manitoba, it's a grim situation in 1969.

Can this government possibly believe that it is in the best interests of Manitoba for our province to have a tax structure which prohibits the farmer to meet his increasing tax commitments when the return from a farm will not pay the costs of operation. Then perhaps, just perhaps, this government may have to consider measures in the form of tax relief.

We have endeavoured to make Manitoba's economic climate better suited for the establishment of head offices and to attempt to make certain that the head offices already here will want to stay. We endeavoured to encourage industry into Manitoba which can be competitive with other industries located elsewhere in Canada. All this was done with real hope and purpose of paying higher wages and improving our standard of living. But, Mr. Speaker, the Minister provided us with a little laugh anyway; a wee bit of humour; because in his address he describes the budget as being balanced. He immediately informed us that Manitoba had been over paid some \$5,700,000 by Ottawa in the past three years, completely ignoring in this context the increased estimate of revenues projected by Canada for this year. Rather than show a net increase in revenues, the Minister has accepted the large increase in revenues for this year, at the same time acknowledging that the province has a debt, a debt for the overpayment as a result of over-estimating share cost receipts from Canada. The facts are, Mr. Speaker, the Minister has in reality presented a deficit budget to the tune of some \$5 million to be financed as short term indebtedness of probably three years. A sad, sad situation, Mr. Speaker, and not a very good pre-Centennial gift for Manitobans.

In conclusion, Mr. Speaker, in conclusion, it is my firm believe that the Minister of Finance in presenting his budget strongly affirms - in fact he leaves no doubt whatever - the need to develop both our human and natural resources in Manitoba. The Minister's budget emphasizes that in order for us to see our province develop and expand it will require brains and talent and capital and increased population. In my opinion, his budget strongly discriminates against this same brains, this same talent, this same capital and this same increased population. The budget provides no incentive for new industry. In reality, it provides no incentive for present business to expand. With the dubious distinction of having the highest income and corporate tax levels in all of Canada, how, Mr. Speaker, how will we entice the industry and population we so desperately need?

(MR. WEIR cont'd.)

The Minister with his budget and the precedent it has established, will most assuredly retard the development of Manitoba, and in seeking to provide equality of opportunity, he will create a further inequality of opportunity for all Manitobans.

So, Mr. Speaker, I would like to move, seconded by the Member for Riel, that the motion be amended by deleting all the words after "that" in the first line thereof, and substituting the following: "this House regrets that the government is drastically changing Manitoba's taxation policy, notwithstanding the recommendations contained in the TED Report, in a way which will spell disaster for the development of our province."

MR. SPEAKER presented the motion.

MR. SPEAKER: Are you ready for the question?

MR. GILDAS MOLGAT (Ste. Rose): Mr. Speaker, I beg to move, seconded by the Honourable Member for La Verendrye, that the debate be adjourned.

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

MR. PAULLEY: We will now return to the Committee on Law Amendments to consider further Bill No. 10 dealing with the Fisheries Act, notice of which was given.

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 2:30 Wednesday afternoon.