

THE LEGISLATIVE ASSEMBLY OF MANITOBA

2:30 o'clock, Monday, April 15, 1968

Opening Prayer by Mr. Speaker.

MR. SPEAKER: Presenting Petitions.

MR. JAMES COWAN, Q.C. (Winnipeg Centre): Mr. Speaker, I beg to present the petition of the Manitoba Registered Music Teachers' Association, praying for the passing of an Act to amend an Act respecting the Manitoba Registered Music Teachers' Association.

MR. SPEAKER: Reading and Receiving Petitions.

MR. CLERK: The Petition of Jacob A. Johnson and Donelda M. Johnson, praying for the passing of an Act for the Relief of Jacob A. Johnson and Donelda M. Johnson.

MR. SPEAKER: Presenting Reports by Standing and Special Committees.

Notices of Motion

Introduction of Bills

MR. T. P. HILLHOUSE, Q.C. (Selkirk) introduced Bill No. 76, an Act to amend The Psychiatric Nurses Association of Manitoba.

HON. STERLING R. LYON, Q.C. (Attorney-General) introduced Bill No. 28, an Act to amend The Devolution of Estates Act.

MR. DOUGLAS M. STANES (St. James) introduced Bill No. 69, an Act to amend the St. James Charter.

MR. HILLHOUSE introduced Bill No. 74, an Act to amend The Child Welfare Act (2).

MR. SPEAKER: Orders of the Day. The Honourable the Provincial Treasurer.

HON. GURNEY EVANS (Provincial Treasurer) (Fort Rouge): Mr. Speaker, before you proceed, may I lay on the table of the House copies of the submission of the Government of Manitoba to the Federal Minister of Finance on the Carter Royal Commission on Taxation. I understand copies have already been circulated to the members.

MR. SPEAKER: The Honourable the Leader of the New Democratic Party.

MR. RUSSELL PAULLEY (Leader of the New Democratic Party (Radisson): Mr. Speaker, may I ask the Honourable the Provincial Treasurer in relation to the report that he is tabling, or the submission that he is tabling, will there be follow-up consultations with the federal authorities precisely on the recommendations of the Carter Commission on Taxation?

MR. EVANS: I'd like to be sure I understand my honourable friend's question correctly. There will be further consultation with the Federal Government on the new taxation system in Canada. Now his question was concerning precisely on the recommendations - I'm not sure that I quite understand the question in those terms - but there will be further discussions. The subjects raised in the Carter Commission's report will be considered again, the recommendations of the Carter Commission will be kept in mind, and whatever system emerges from all that is yet to be seen.

MR. GILDAS MOLGAT (Leader of the Opposition (Ste. Rose): Mr. Speaker, I'd like to address a question to the Minister of Welfare. Is it correct that the Director of Welfare Services for the Province of Alberta has been employed by the Manitoba Government and will be taking over the Welfare Services here?

HON. J. B. CARROLL (Minister of Welfare) (The Pas): Mr. Speaker, we are employing the Director of Child Welfare Services from the Province of Alberta. The exact title of his position I can't give him just at the moment, but I'd be glad to take it as notice and advise him later.

MR. RUSSELL DOERN (Elmwood): Mr. Speaker, I'd like to direct a question to the Provincial Secretary. The Manitoba Historical Society has announced plans to purchase the Riel Home in St. Vital and has 60 days in which to raise the money. Is the province going to put up money to assist them in purchasing this home?

HON. STEWART E. McLEAN (Provincial Secretary) (Dauphin): Mr. Speaker, that is a matter of policy on which we have not received any request and no decision has been made.

MR. SPEAKER: The Honourable Member for Portage.

MR. GORDON E. JOHNSTON (Portage la Prairie): Mr. Speaker, I'd like to direct a question to the Honourable the Minister of Health. Is it true that ...

A MEMBER: He's not here.

MR. JOHNSTON: Oh, maybe the Deputy Minister of Health. Is it true that the department has been hiring psychiatric nurses in Great Britain; and also, is it true that they're offering

(MR. JOHNSTON cont'd)...\$400.00 a month to start in Manitoba? Perhaps the Minister could also comment on the fact that the starting rate for psychiatric nurses in Manitoba is only \$362.00 a month.

HON. GEORGE JOHNSON (Minister of Education) (Gimli): Mr. Speaker, I can't answer the questions off-hand. I would take the question as notice and inform my colleague.

MR. SPEAKER: The Honourable the Leader of the Opposition.

MR. MOLGAT: I'd like to address a question to the Provincial Secretary following up the first question that was asked him regarding the Riel House. Did I understand the Minister correctly to say that he had at no time received any requests from the Manitoba Historical Society regarding the purchase of this house?

MR. McLEAN: No, Mr. Speaker, the Honourable the Leader of the Opposition didn't understand me to say that. I said we had received no request and made no decision. I was replying to the question posed by the Honourable the Member for Elmwood.

MR. MOLGAT: Had the Minister received a request prior to that from the Historical Society?

MR. McLEAN: No, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Elmwood.

MR. DOERN: I'd like to direct a question to the Minister of Municipal Affairs. Has the Minister received a request to have a referendum on amalgamation in the Metro area?

MRS. THELMA FORBES (Minister of Urban Development and Municipal Affairs) (Cypress): No, Mr. Speaker.

MR. DOERN: A supplementary question. Would the Minister favor holding a referendum on Metro?

MR. SPEAKER: The Honourable Member for Selkirk.

MR. HILLHOUSE: I'd like to direct a question to the Honourable the Attorney-General. It is in respect to the question which I asked the Minister of Municipal Affairs and you assumed the responsibility for answering it. The question dealt with the condominium legislation. How soon may I expect to receive an answer to that question?

MR. LYON: Mr. Speaker, tomorrow or the next day.

MR. SPEAKER: The Honourable Member for St. Boniface.

MR. LAURENT DESJARDINS (St. Boniface): (Mr. Desjardins spoke briefly in French. English translation is as follows.)

Before the Orders of the Day, Mr. Speaker, I would like to remind you and the Members of this House that the annual reception sponsored by la Societe St. Jean Baptiste in honor of the Provincial Legislature will be held in the St. Boniface College gymnasium on Wednesday, April 17, at 8:30 p.m.

MR. SPEAKER: I take it from the applause that it was quite in order. Thank you very much. The Honourable Member for Hamiota.

MR. EARL DAWSON (Hamiota): Mr. Speaker, I'm not going to interpret the Honourable Member for St. Boniface's remarks. I wish to direct a question to the Minister of Agriculture. On March 11th, I asked a question of the Minister if grants in some form were to be made to Rivers and Shoal Lake seed plants and his answer was then that this was a matter of government policy yet to be announced. My question is, when will your policy be announced?

HON. HARRY J. ENNS (Minister of Agriculture and Conservation) (Rockwood-Iverville): Mr. Speaker, the government's position in this matter will be announced in due course.

MR. DAWSON: Mr. Speaker, a supplementary question. Will it be this year?

MR. SPEAKER: The Honourable Member for Inkster.

MR. SIDNEY GREEN (Inkster): Mr. Speaker, I'd like to direct a question to the Honourable Minister of Mines and Natural Resources. Last week there was an announcement with respect to exploration in areas that would be flooded by the Hydro project. I wonder whether there is going to be a similar announcement with regard to the area around Southern Indian Lake, which is also an area which apparently is due for flooding in the future.

HON. DONALD W. CRAIK (Minister of Mines and Natural Resources) (St. Vital): The answer is, Mr. Speaker, that the initial exploration work is in the immediate forebay area. The area to be inundated in Southern Lake is also under consideration at the moment.

MR. SPEAKER: The Honourable Member for Seven Oaks.

MR. SAUL MILLER (Seven Oaks): Mr. Speaker, I'd like to address a question to the Honourable Minister of Education. In view of the story in the Free Press and the Tribune both

(MR. MILLER cont'd)...with regard to the possible revision of the plan in the Interlake on the school boundaries, can the funds which might be made available if the technical vocational school is not built in the Interlake, can those funds be made available to other areas of the province or would the ARDA agreement preclude that?

MR. JOHNSON: I think that's a hypothetical question on a newspaper report on which I am not prepared to comment at the present time. I will be making a statement during my estimates concerning the vocational program which I think will elucidate my honourable friend, on the latter part of his question.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, I'd like to direct a question to the Honourable Minister of Public Utilities. I understand this summer the Town of Headingley will be placed on a direct dialing system, and I wonder if there's going to be a long distance charge for the people from Headingley - between Headingley and Winnipeg. I missed the Public Utility meeting and this question probably came up. I don't know if it did, but I'd like the Minister to tell the House if there is going to be a long distance charge.

MR. McLEAN: Mr. Speaker, this matter was raised at the meeting of the Utilities and Natural Resources Committee, and the Chairman of the Manitoba Telephone System explained that there would be long distance charges with respect to those on the Headingley exchange in the event that they telephoned to the people on the Winnipeg exchange.

MR. SPEAKER: The Honourable Member for Elmwood.

MR. DOERN: Mr. Speaker, I'd like to direct a question to the Minister of Industry and Commerce. Since I believe I had the honour of putting in the first Order for Return, which was regarding the Manitoba Business Summit Conference, and your estimates are up now, can you tell me when we might get a reply to that?

HON. SIDNEY SPIVAK, Q.C. (Minister of Industry and Commerce) (River Heights):
Soon, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Elmwood.

MR. DOERN: Mr. Speaker, I'd like to direct a question to the Minister of Education. According to a news report there was a Toronto firm intending to open a business machines institute at the same location as the one which went bankrupt. Can the Minister tell us whether a decision on this will be delayed until after we receive this new legislation, and when the new legislation regarding such schools will be brought forth?

MR. JOHNSON: Mr. Speaker, the legislation should be down shortly. In the meantime, I am not aware of this report. I will be happy to determine what I can on the matter and let him know.

MR. SPEAKER: The Honourable Member for Carillon.

MR. LEONARD A. BARKMAN: I would like to direct a question - I'm not sure if it's the Minister of Public Utilities or the Minister of Highways - but I wonder if he could tell us if road or weight restrictions on roads are in effect across Manitoba now or just in some parts.

MR. ENNS: Mr. Speaker, the matter of restrictions on roads is one that is never uniform. It's a matter that is arrived at by the best judgment of the district engineers as to the capacity of the different roads that are involved. Generally throughout the province at this time the restrictions are on. They vary with the different types of roads and different types of construction in the roads that we're dealing with.

MR. SPEAKER: The Honourable Member for Gladstone.

MR. NELSON SHOEMAKER (Gladstone): Mr. Speaker, before the Orders of the Day are proceeded with, I would like to direct a question to my honourable friend the First Minister. In consideration of the headline news story the other day that the Member for Souris-Lansdowne was going to bolt the ranks of the PC Party if a full-time Minister of Agriculture was not appointed, I wonder if my honourable friend would advise the House now whether it's his intention to appoint a full-time Minister and avoid the bolting action that is about to take place.

HON. WALTER WEIR (Premier) (Minnedosa): Mr. Speaker, the answer to the question that he asked is no, I have no announcement to make at the moment and that will be forthcoming when decisions are reached.

MR. SPEAKER: The Honourable Member for Hamiota.

MR. DOERN: Mr. Speaker, I asked the Minister if a policy was to be instituted this year on seed plants - this year or next year - and he did not reply.

MR. SPEAKER: The Honourable Member for Gladstone.

MR. SHOEMAKER: Mr. Speaker, I would like to address a question to my honourable friend the Minister of Education. Earlier in the session the Minister suggested that he would welcome enquiries from all rural school divisions that had made some indication that they were interested in having a vocational school in their midst. Now, if a division or a chamber of commerce or any group make a written request for a vocational school in their area, is it the purpose and intent of the government to send out to that area a task force from the department to meet with the officials, or is it necessary for the board to come into Winnipeg and meet with the task force here?

MR. JOHNSON: Either way, Mr. Speaker.

ORDERS OF THE DAY

MR. SPEAKER: Orders for Return. The Honourable Member for Elmwood.

MR. DOERN: Mr. Speaker, I move, seconded by the Honourable Member for Wellington, that an Order of the House do Issue for a Return showing: (a) Copies of all application forms for employment with the Government and all Crown Corporations, including the Manitoba Liquor Commission, Manitoba Hospital Commission, Workmen's Compensation Board and others; and (b) Copies of application forms for licensing beverage rooms, tobacco, etc.

MR. SPEAKER presented the motion.

MR. DOERN: Mr. Speaker, I just wanted to say a brief word on this.

MR. LYON: We are now under the new rules, Mr. Speaker.

MR. DOERN: Well, Mr. Speaker, I stand this until tomorrow then if that's in order.

MR. SPEAKER: The adjourned debate on the proposed motion of the Honourable the Provincial Treasurer and the proposed motion of the Honourable the Leader of the Opposition in amendment thereto. The Honourable Member for St. John's.

MR. SAUL M. CHERNIACK, Q.C. (St. John's): Mr. Speaker, I quote Conservatives when I say that after 1958 anybody would have looked good in government following the preceding government. I quote Conservatives in saying that there was enough money squirreled away in various nooks and crannies of government treasury to provide money with which to carry forward much needed development in the province. But, by the time 1964 rolled around, the government had exhausted these nooks and crannies of squirreled-away nuts and had also exhausted its ability to increase fees of various kinds and various descriptions and in various substantial amounts and started to look around for more revenue, and in doing so, reverted back to conservative policies in the application that they made to the tax burden, and in 1964, with the imposition of The Revenue Tax Act, we started to see oppressiveness in taxation by this government, of which of course the most glaring one was the heat tax.

At that time, the government spoke about the purpose for that, and if I may, I would quote from a statement made by the then Premier on Page 35 of his Budget Address, when he said in relation to The Revenue Tax Act: "The primary aim of this operation was not to raise revenue for provincial expenditures, as such, but to enable the massive transfer and shift of the tax burden from the local taxpayer to the broader provincial tax base." And, Mr. Speaker, many of us believed him. Mr. Speaker, many of us thought that that was not only the intention but that that would be the act; that would be the deed. When the government brought in its Revenue Tax Act and brought in its detailed description of the manner in which it was going to unburden the load on the real property taxpayer, I remember how in that year, in 1965, with great temerity and with great modesty, I indicated that I had a lack of full understanding of provincial budgeting methods and bookkeeping and I suggested the possibility that there was a miscalculation, because I indicated in detail that the anticipated revenues from the special burden of taxation of The Revenue Tax Act would exceed some \$5 million more than the anticipated increase to the municipal taxpayers budgets in order to reduce or keep in line municipal budgets. I said it very hesitatingly because I wasn't so sure that I was right, and I was waiting to be jumped on by the then Provincial Treasurer. As there was failure on the part of government and of the then Provincial Treasurer to deal with the points I raised - and I dealt with them in detail - I then acquired more courage --(Interjection) -- Well, the Honourable Member for Lakeside says that I lost the former Provincial Treasurer. I never had him, and his loss is not mine. But I beware Greeks bearing gifts, and if my honourable friend is offering the former Provincial Treasurer to me, I'm even more concerned about it.

However, Mr. Speaker, I was saying that as I achieved more courage by the mere fact that the government failed to respond to my challenge, I became more assertive. Then I

(MR. CHERNIACK cont'd)... reached the stage where I was pounding my desk and saying, I believe sincerely that the stated intention of the Provincial Treasurer - at that time the Premier of the Province - that the primary aim to relieve the burden was not being carried out, and that in fact \$5 million, which was roughly 25 percent of the projected income, was being kept for provincial purposes rather than being passed on to the municipal taxpayer.

I gave figures; I gave calculations; and I asked again and again that I be corrected. And I never was, Mr. Speaker. The one correction that I admit now that could have been made was something that I overlooked, and if I haven't admitted it before, I'll admit it now. I did overlook one feature, and that was that the original calculations included the expected revenue from the land transfer tax of something close to \$2 million. That was never brought in by the government and therefore I was wrong in saying that \$5 million was diverted into provincial revenues. I should have said that close to \$7 million was diverted into provincial cash registers in place of carrying out the stated intents of the Premier and of his government. And I say it now, and I say it in full confidence that I will not be contradicted, because there was ample opportunity from 1965 to the present. So I say now that the government in 1964 started its practice of fooling the people in respect of the professed intentions to relieve the load on the municipal taxpayer and the government has not varied from that policy. In 1965, I calculate that they benefited close to \$7 million, and assuming that they had the same benefits in the same amount without natural growth, then they've made 25 to 30 million dollars in that way, from these sources of revenue that really belonged to the taxpayers who are paying municipal and school taxes on the real property tax basis.

Well in 1966, Mr. Speaker, the Provincial Treasurer gave his address and he stated: "No increases in taxes are proposed in this budget. Indeed, certain taxes and fees are being reduced." And he mentioned that one of those that were being reduced was the tax on fuels and energies for domestic space heating, which he said was their first consideration. "The individual homeowner", he said, "pays his heating bills from his take-home pay after tax deductions." Note the indignation that's implicit in the words and the way in which they are put. He said, "oh no, we must remove that heat tax because it is a burden on the real property taxpayer." It took awhile for that message to penetrate from this side across the hall to the other side, but obviously it did. Of course one reason it may have done so is that an election was in the offing, and in that election that was in the offing, the government could come to the people and say, "Look what we've done. We've given you back your heat tax and we haven't increased taxes." I remember at that time, which was the first occasion that I was given the honour by my party to speak first on the budget address, that I said then that that 1966 budget was not an election budget, it was the 1965 budget that was the election budget because it passed on to the following year a surplus in the revenue account of some \$22 million. That's what made that a good year for elections, Mr. Speaker, a \$22 million accumulation, which I will draw to your attention is not far out from that amount that I have calculated to have been the monies which belonged to municipal taxpayers, according to the Premier, and which ended up in the provincial revenue.

In that year also, in order to give the impression of no increased taxes, the government and our present Premier was then the Minister of the department which transferred from Capital Account some \$21 million of expected expenditures, which would previously have gone into Capital, and transferred it into current. So in that year we found a major shift in policy, a passing on to current revenues the burden of some \$20 million -- \$21 million which had formerly been used, paid for out of Capital, and which doubled the amount that was formerly being charged for highway expenditure, which isn't bad really. I'm not really saying that this was the wrong thing to do, I'm just saying it should have been clearly indicated as to what was being done and what the effect would be on taxation.

In that year of 1966, Mr. Speaker, the Tribune on April 13th of that year, in an editorial entitled "Tax Rebates," made the statement there that property should pay only for services that primarily benefit property. I'm sure the government members have heard that expression before and I'm sure they've heard it first from the lips of New Democrats. But be that as it may, we are happy that this concept has been adopted by various municipal bodies and municipal provincial tax commission that have sat and reviewed it. It is now pretty well accepted as a principle. And the Tribune in its editorial said "senior governments must acknowledge that they are responsible for services that benefit people and thus are in the national interest." So, what do we find? This was April, 1966. In May, 1966, in a campaign address the then Premier, the then Provincial Treasurer, made a statement at Carman which was headlined in the

(MR. CHERNIACK cont'd)...Free Press of May 19th: "Must Shift School Cost Load - Roblin." And he stated, and I quote: "Premier Duff Roblin has assigned top priority to finding a way of shifting the cost of education from the property owner to the general taxpayer. The Provincial Government would spare no effort in transferring the cost of public schools to provincial and federal tax resources."

So what did he do? After the election, in the following year, 1967, they brought in the education tax they called it, and it was the duty, pleasurable or otherwise - not pleasurable I'm sure - of the Provincial Treasurer to begin his work in that department by the introduction of what he called an education tax. In that year the budget showed an increase in education costs from 1966 of \$83 million to \$120 million in 1967, an apparent increase of \$37 million in that year. You will recall that the estimated return for the nine months left from sales tax in that fiscal period was expected to be about \$33 million, but the \$37 million was not an increased cost assumed by the province because \$17 million of that came from increased federal shared monies and equalization monies. This left only \$20 million of an increase in provincial revenues as against an estimated income of 13.7 million. The government soon changed its tune as to the -- or the title of the tune and backed down from the term education tax to the more honest term, sales tax. And indeed that's exactly what it was.

As the government has become more and more involved in the cost of providing for our needs, as the public sector in spending is spending more and more of our dollars, it is essential that we get a full comprehensive report on what the government is doing; what it's spending; how it's spending; what it's raising; how it's raising the funds which it needs to operate. As a member of the Legislature, I feel it my duty and that of all other members of the Legislature to know what are the financial implications of what we do. I regret to say that we don't know; we just don't have the full picture. It is not given to us in an understandable way, and all we have are estimates.

We were given this year revenue estimates, which we are supposed to discuss, and the revenue estimates show on the left hand side what was estimated for last year up to March 31, 1968, and what is estimated for next year. In arriving at what is estimated for next year, any responsible Minister, any responsible Cabinet has a pretty good idea of what it spent in the immediately preceding fiscal year. They know it; we don't, Mr. Speaker. We don't know what the actual expenditures were. We have no way of drawing a comparison between what they guessed it would be, or if that's the wrong term, what they estimated it would be and what it actually was. So, we don't know how this coming year should be affected by these changes that have probably taken place from time to time.

And then we start looking around - at least I do - to try and understand what's going on. I go back to the Provincial Treasurers' speech and I look at it, and I look at the charts in it - and incidentally I look at last year's to see just what is the effect of it - and here is something I find. I looked at the 1967 Budget Address and I find a chart there which is entitled "Revenue Estimates of Manitoba, Fiscal 1967, Revenue Division," and I find a chart in the current one which has exactly the same title, and I look at it and I say: Oh good, they are giving us last year's and they are giving us this year's so we can compare the two.

But the one thing I did, which really destroyed my view on this, was to compare what they told us last year with what they told us this year for the same estimated fiscal period of 1967, and they're different. There's nothing that I could see that indicates wherein difference lies, but they are different because they say, under Shared-cost Receipts, 22% in this year's Budget Address; 25% in last year's. I'm speaking about the same fiscal period and both estimates, and they say last year that they expected to raise \$353 million, and if members of this House are interested - and backbenchers of government ought to be - if they look at the estimates for this coming year, they'll find that it shows that last year they expected to raise \$353 million, of which \$88.7 million - \$88 million was shared-cost receipts. This year, the same appearing chart for the same year says they expect to raise \$339.7 million, of which \$75 million is shared-cost receipts. Eighty-eight million last year is shared-cost receipts; \$75 million this year is shared-cost receipts. On the same chart were estimated 1967 revenue. And why the difference? Where the explanation? I've yet to find it clearly shown to me in this report.

Let me not leave you with the impression that I don't know what the difference is. It took me some time and some delving before I realized it - I suppose because I'm slow in figures and not adept at finding it - but I challenge the members of the government side to explain that difference and explain it by showing me clearly how it is shown to us in a way that says, "Here is a flag; there's a difference; there's a reason; this is the reason." I venture to say that when

(MR. CHERNIACK cont'd) . . . the Provincial Treasurer presents his Budget Address, they applauded; they believed; they accepted; and they didn't read it and they didn't question it. I'm suggesting that that's probably true, but let me suggest to them that they ought to know the answers to some of these questions. I don't propose to make life easier for them by telling them what the answer to the question is, because let them have the pleasurable - or the doubtful pleasure of seeking out the answer to that question.

Well then I go on the best way I can to review what the Honourable the Provincial Treasurer said and I note that last year they budgeted for a loss of \$1 1/2 million, and this year he said, well now, we've actually ended up with a gain of half a million dollars. We are two million dollars better than we were in what we expected to be at this stage. When we look at the sales tax - and I am glad that we were supplied with the figures of the actual returns in sales tax - we find that for the nine months of the last fiscal year there were 39 million six hundred and some thousand dollars received, of which \$1,400,000 was telephone tax which had been collected in other years, so you deduct that and you find that they netted \$38.2 million, a difference of \$4.4 million received in excess of what they expected. I don't fault them for that low estimate. I think we forecast on this side that there would be a substantial increase in revenue because of a more than conservative approach, but it was the first year and one would understand the fact that they didn't know and they were conservative.

But the fact is they received \$4.4 million more than they expected to have, and had they not received that, then it seems that they would have lost \$2.4 million in excess of what they expected to lose. Remember that \$4.4 million made up the half million of excess revenue, made up a million and a half of expected loss, and therefore there would have been \$2.4 million more lost had not this additional revenue fallen into the pot.

But then we start looking further and we find that the estimated income was \$353 million, but according to Page 18 of the Budget Review the income was \$348 million, so actually in spite of the increased \$4.4 million received from sales tax, there was still a shortage of \$5 million in income. If we therefore add the two together we come to about a \$10 million shortage, that is \$5 million less received than expected, and in addition, \$4.4 more received in sales tax we find that for the nine months of the last fiscal year there were 39 million six hundred and some thousand dollars received, of which \$1,400,000 was telephone tax which had been collected in other years, so you deduct that and you find that they netted \$38.2 million dollars in that nine-month period. They budgeted to receive \$33.8 million, a difference of \$4.4 million received in excess of what they expected. I don't fault them for that low estimate. I think we forecast on this side that there would be a substantial increase in revenue because of a more than conservative approach, but it was the first year and one could understand the fact that they didn't know and they were conservative. I quote him, "It will be in the Public Accounts". We know it will be in the Public Accounts but another year will have gone by. By then we will be talking about other fiscal years altogether, and in order to be able to help the government to assess its progress we have to be two years behind, in effect, to know the actual as compared to the estimate. What we have learned, and again the information may be inaccurate or inadequate or insufficient, but we find that in the education estimates for this last fiscal year there was an item, item 2(a), School Grants, etc., of \$61,530,000 - and at that time we know they expected many more unitary school divisions than they actually got - and we received a figure that \$48,199,000 was spent. Now that figure -- I don't have it in print, but I understand that was the figure given by the Minister. If that is all that was spent on that item, then there was \$13 million under-spent on that item, and if there were other expenditures on that item we don't know what they are.

I'm only pointing out, Mr. Speaker, that anyone who wants to walk through the maze of the budget of this government, he can get lost easily. I feel that this is a deliberate intent of the government, or if not deliberate, it's arrogant. If it's not arrogant, I think it's with disdain that they give us incomplete information resulting in a distorted picture of the management by this government of the people's affairs. I can see the Provincial Treasurer doesn't like what I said but that can't be helped, because I can only feel that by not giving the information we are placed in a bad position.

MR. EVANS: I think if my honourable friend would let me comment - the period of which he complains will not close for another five days. It's a little difficult to complete and publish the accounts before they are even closed.

MR. CHERNIACK: Boy, Mr. Speaker, that floored me. This is April 15th, and the

MR. CHERNIACK cont'd)... estimates I thought were for a period ending March 31st.

MR. EVANS: ... accounts for last March 31st will not all be closed until April 20th.

MR. CHERNIACK: Well now, Mr. Speaker, we are told by the Provincial Treasurer that I am asking for what appears to be the impossible because there are five days to go. With what responsibility and with what knowledge were Ministers of the Crown able to forecast next year's needs if they didn't have that information which I suggest is needed in order to plan for the following year? Is the Honourable Provincial Treasurer able to say we don't know approximately? Did I ask for something exact? Would it not have been helpful had we had it in the thousands of dollars in estimates of an approximate nature rather than every penny. I don't think that the answer given by him is sufficient to parry what I said, what I charged, and that is inadequate, insufficient information. Maybe I have too much of a training in the municipal field where we actually knew this information. It was given to us so that we could deal with it. Maybe that's because we had a closer feeling of relationship with the taxpayers, so that we wanted to have a more accurate accounting that we would be responsible for. This is not being given to us.

The Minister has told us in his estimates that they pared the budget. He said, "The 1968-69 spending estimates represented a cut of \$70 million from the original departmental proposals. The reduction was achieved by the most rigorous kind of pruning and careful planning. I can assure you," he says, "that most of these proposals were in themselves worthy and desirable, but the government deliberately held the line to the present level in order to minimize the impact on the taxpayers of Manitoba."

Well, Mr. Speaker, we all know the procedures followed in connection with estimates. Departments submit their estimates and they generally add something to them because they know they are going to be cut. This has been my experience and I think it's the general experience. The estimates come in, somebody totals them and the Minister of Finance almost has a heart attack. Then they set to work to reduce the estimates to some sort of order and they are always cut. Every government in Canada goes through this experience every year. The departments expect this. Sometimes departmental estimates are cut a little more than is expected but they are always cut substantially. I venture to state that this is the first time in history a democratic government has ever felt itself so desperate that it had to boast about cuts it was making in the request for expenditures being made by departments. I have known governments to make silly claims, Mr. Speaker, but I have never seen or heard anything to equal this. When the government comes here with all this fanfare about cutting down requests made by departments, it is a hoax and any small respect we had for these gentlemen disappeared last night.

Now, Mr. Speaker, the last two words are a giveaway that what I said are not really my words. I don't think I would be that harsh in the condemnation of the government or indeed of this Provincial Treasurer. These are words spoken by another politician in another House. It happens to be the House of Commons in Ottawa. It doesn't make it less true. As a matter of fact, the one sentence I left out in what I was reading was that "at least this is true of provincial treasurers," relating to the threatened heart attack. It was said by a man who has more experience than I have. It was said by a man who was elected the Leader of a party of Canada, a national party. The fact that he happens to be the man who is elected the leader of the Provincial Treasurer's National Party is incidental thereto, so we find that Mr. Stanfield made these statements that I have just quoted and he made them recently enough, on December 8, 1967, in the House of Commons, to have some relationship to what has gone before us today.

The Provincial Treasurer talks about a balanced budget, but he did not give us the full cost of hospitalization. He did not indicate to us the estimated amount that might be raised in increased premiums. In his 1967 Budget Address he states the premiums to be some \$13 million; he gives the information. In the 1968 Budget Address you have to find it; you have to search for it. He does not give it in the breakdown of income for the Hospital Commission. What he does say on Page 23: "I should observe that the Hospital Commission has again been asked to review the cost projections of the hospitals whose activities it supports. If the Commission finds that the present premium levels are inadequate, it will be necessary to consider an adjustment to the rates." Last year there was no mention made of that. The cost to this government went up last year. No mention made of increase in rates, but now this report makes it appear as if this government has nothing whatsoever to do with the cost of hospitalization in this province. This government says it's up to the Commission to decide.

We find, however, in this Budget Review that the Federal Increase is some \$6 1/2 million

(MR. CHERNIACK cont'd)...this year, from \$28 1/2 million to \$35 million. I don't know the formula, Mr. Speaker. I don't know just the basis on which it is calculated. I would assume it has some relationship to the cost of hospitalization across Canada. It is obvious that there will be an increased cost in hospitalization in Manitoba over and above the increase given by the Federal Government. And this government says, well maybe if the Hospital Commission finds it necessary, it will increase that amount.

So we find the Liberals who attacked the government for this omission as to information, did so vehemently. One thing they failed to do, and that is to acknowledge that premiums are the most regressive form of taxation. Premiums paid by individuals have no relationship to the ability-to-pay principle of those with higher incomes, and I think the Liberals favour premiums as against progressive taxation which could take care of that same budgetary item on the ability-to-pay principle. I think that that is shown by the discussions we have had on hospitalization, on Medicare.

Now the picture given to us by the Provincial Treasurer of what he calls a balanced budget is further distorted by failure to give us other information, such as what are the capital expenditures, which can and do affect current expenditures, just as we found a couple of years ago that the shifting of the cost of highways, \$21 million worth from capital to current, had a real impact. Well all we have in the budget is generalized statements as to certain monies that may be spent. I say they have to be given to us to fully understand the picture.

And what is the greatest lack in this budget is the revelation to us of the true cost of education to the people of Manitoba. In truth, there is an increase in taxes in the provincial area of responsibility, but looking at this Budget Review and listening to it -- you know, Mr. Speaker, I went back to the British North America Act because I thought there must have been a change that I was not aware of. The impression I got from this address was that there were three sections in that Act which divided the responsibilities of Canada amongst three institutions of government - the federal, the provincial, the municipal. I really expected that this government, having shrugged its shoulders at the problems of the municipal governments this year, did so on the basis of some sort of understanding of the BNA Act which I didn't have. I went back and I looked at the Act and I saw no change at all. I saw that all the burdens accepted by the municipalities and the school districts are indeed the responsibilities of the provincial government, of this government. They are the creatures, as has often been said, of this government and they are given the powers to tax by this government, and it is this government which has the responsibility to provide the cost. Passing it off to the municipalities and then walking away from it and shrugging its shoulders by saying "that is their problem, they are increasing it", is I think a negation of responsibility.

Last year they accepted a new formula, 65-35 Foundation Program, and they removed the school tax rebate incidentally, which we always said was a phony rebate. Nevertheless, it was a rebate of monies paid by people who were paying municipal taxation - and it was more in many cases and in the lower income cases than they are now getting by this 65-35 formula - and with it now, the burden of increased education costs is still on the real property rate-payers, and sloughing it off or claiming that it is a federal responsibility is only nonsense and only covers the real responsibility. The province has a broader tax base than it has given to the municipalities. The province has no right to demand from the Federal Government contributions in those sums which the provincial responsibilities have so clearly defined for them in the BNA Act.

Can we spend a moment looking at the estimates that were presented to us? And just looking at them and not knowing actuals makes it very difficult to guess whether or not they are fair estimates of the future. One stops at the Liquor Control Commission and notes an increase estimated from \$23,200,000 to \$24,000,000, an increase of \$800,000. But it seems to me that this last year when the sales tax was brought in, five percent was added to the cost of liquor, or the sale price of liquor, to make up for that sales tax, and five percent of \$23,000,000 is \$1,160,000, which is already \$360,000 dollars more than the estimates. We know that whether you call it an increased tax or just an increase on the mark-up, or a mark-up on the increase, there will still be additional revenues to this province out of the fact that the Federal Government put a sales tax on liquor, and believing as he would have us do - the Minister of Industry and Commerce - that there is growth taking place, one should really expect even more money. On the basis of last year's estimate of \$23,200,000, I don't know whether there shouldn't be an increase expected of one and a half to two million dollars, but we are not given the information.

(MR. CHERNIACK cont'd)...as to the actual last year so we do not know.

And then we come to the Department of Mines and Natural Resources and we look at that. We find that the income expected is \$5,739,000; the expenditures in the estimates are 1.2 - oh, about \$1 1/4 million more than that - \$6,979,000. We are told that there is an increase in activity in the mining industry generally in the province. We find that in 1967 the expected revenue from Mining Royalty Tax was \$4.1 million; in 1968 the expected revenue was reduced to \$3.8 million; and now the expected revenue is dropped from \$3.8 million to \$2.4 million, a drop of about 40 percent in two years.

A MEMBER: We're going ahead backwards.

MR. CHERNIACK: It may be there's a reason for this backward movement, and the Honourable the Provincial Treasurer nods his head and says there's a reason. But we're entitled to that reason and we're entitled to have that information, and I sincerely hope that the Provincial Treasurer will have it for us and have it for us before we pass the revenues. It is unfortunate that such a significant change is not recorded and commented on in his budget report. I think it's of sufficient importance. It is the most radical backward change in this revenue item and it's not referred to at all. I think it's a pity that it has to be asked for in order to be received.

There may be another item which has an obvious explanation; I only admit that I don't know the explanation. We find that corporation income tax shared with the Federal Government will be reduced by some \$800,000, from \$21,949,000 to \$21,150,000.

We find further that fiscal support for post secondary vocational and university education, item (e) (2), is being reduced - only by \$10,000, but a reduction nevertheless - and there's no explanation I can see.

In view of the booming economy of which we are being made aware by the Honourable Minister of Industry and Commerce, we would expect an increase in that. As a matter of fact, even if incomes were stagnant in this field of corporate income tax, I'm under the impression that there's an increase this last year from 10 percent to 11 percent of income of corporations, which is really a 10 percent increase, and if my superficial understanding is incorrect, then there should be an increase of \$2.2 million. Not here, but we do find that the personal income tax portion is being increased from \$4.9 million -- or rather from \$49 million to \$53 million. That we notice. We notice that the total estimates are expected to have been increased by some eight percent, which is what the personal income tax is going up, but we find a reduction in corporation income tax which is not explained, which is not even commented on, as far as I can recall, in the Budget Address.

Then we look at the sales tax item and we know now that instead of the estimated \$33 3/4 million that the actual was some 38.2 million, and somewhere or other we find - and I think this is in a newspaper comment, I'm not sure of my source but I'm pretty sure that it's correct - that the Minister attributed some \$3 million of increase to the Pan Am games. I'm glad he's shaking his head because I thought it was...

MR. EVANS: I don't think this should be attributed to me, no.

MR. CHERNIACK: Well, I'm glad of that, Mr. Speaker, because it was obviously an incorrect statement. But we do find that it cannot have been attributed to the tourist income anyway; it didn't go up that much in the last year.

On the basis of the 38.2 million for the nine months, if we take the straight line increase, we should expect \$51 million this coming year rather than \$50 million. I realize maybe those nine months were better than the three months that were skipped. I don't know if that's true, I just realize it and there may be an explanation. But what about the report of growth in this province? What about the fact that retail sales have increase some eight percent according to the Honourable Minister of Industry and Commerce? Have we no right to expect an increased growth, a natural growth of some kind of this buoyant economy that is depicted by the government, which would raise it above \$51 million, indeed to \$55 million? That surely is not an unexpected amount.

All of which leaves me to expect, Mr. Speaker, that we are going to be, if we ever get right down to the root of it, we'll find that there was more than half a million dollars raised last year in excess of expenditures, because I suspect that there was a diversion of expenditures that were not expected, or that were planned out of capital. So do I expect now that there should be a higher surplus than \$700,000, and indeed there would be an even higher one if we had some satisfactory explanation as to the items I pointed out.

(MR. CHERNIACK cont'd)...

Liquor, I think, should go up substantially. As a matter of fact, since we've had Go-Go girls, I'm sure that there's even an unexpected increase in liquor profits that the government will benefit from. Mines and Resources should go up substantially rather than go down substantially. Sales Tax will certainly go up substantially, more than what is shown in the revenues. Corporation income tax should go up substantially as well.

Now, this is on the picture presented to us, Mr. Speaker, but is not really the picture presented in the Economic Review, which was attached to the budget, and which, Mr. Speaker, gives us or should give us great concern. I appeal to the honourable the backbenchers to read this report and to read into it and see that the situation is not good, and that when I started to deal with this item only a week ago - and I expected that this would be the straight political speech where one points out weaknesses and one points out faults and one suggests positive action - I have in that week become very much more concerned than I have been, Mr. Speaker. There are references here, there are indications which I think are not good, and I think we have to face up to them. I think we have to look at them; we have to appraise them; and if I'm right in the conclusions I have come to, we have to sit down and have long sessions and deep thought about them.

In the very first page of the Economic Review, the Performance of Manitoba Economy, we see the statement under "Income", that "it is estimated that gross provincial income rose seven percent about 1966, a rate of growth equal to or slightly ahead of that for Canada." That statement is factually correct. "Even better comparative performance for the Manitoba economy occurred in specific sectors." Now this really means that this was pretty good. You know, staying up, equal to, or slightly ahead of Canada's GNP was pretty good, because even better ones can be found in specific sectors.

In the same report on Page 12 is a statement about the consumer price index, and there's the indication that the national index rose 4.5 percent. So if we say our gross provincial income rose seven percent federally, and the federal consumer price index rose 4.5 percent, is it fair to say that the net or the real gross was 2 1/2 percent? Is that fair? I throw that out as a question; we'll no doubt get the answer. But if that's a valid yardstick, then we must look at the next sentence on Page 12 which says, "In Winnipeg, the only area in Manitoba for which figures are available, the index rose 5.9 percent." If we call that six percent in rounded figures and deduct it from the seven percent increase in gross provincial income referred to on Page 1, it seems to give us a real growth of one percent as compared with 2 1/2 percent national. Is this a fair assessment of the province? I don't say it is, Mr. Speaker, but I certainly don't throw it out as being an invalid and serious situation that is, I believe glossed over in this report.

Going on with the report, leafing through the pages, we find on Page 3, a statement: "Housing investment in the province reached \$81.4 million - about two percent above the 1966 level." Take that statement as it reads, it looks like there's an increase. Figure out what the cost of building has been and has risen, figure out what the impact of sales tax alone has been - aside from all other costs of construction - is it really an increase? Is it a true increase above 1966 level of two percent? And is two percent meaningful in any way when we know that the Manitoba Provincial returns have gone up seven percent, that the consumer price index has gone up - what is it? - 4 1/2 percent nationally, almost six percent provincially.

This statement does say that "special problems of the prairie region in the housing field remained largely unresolved by the various national policy revisions." Where has this province been in all these years of great need for public housing? Where indeed is this province, this government today in the great need for public housing? We have heard talk, not only this year, in previous years, we have passed a housing authority - was it last year? You know, Mr. Speaker, in 1959 I was a member of the Winnipeg City Council and we had a presentation made to us by Eric Thrift, who was then the Manager or Director of the Metropolitan Planning - I don't use the word authority because he had no power at all, as I recall it - but they presented to the City Council a complete review of what had to be done and could be done and would be done, in detail, in the slum area of Winnipeg which I represent, that whole Jarvis-Selkirk - what we call the Lord Selkirk Park area. In 1959 it was that we had a pictorial display of what was planned, and I would like to know - and possibly the Minister of Urban Development knows the answer - are they then what was planned then in 1959 and which is going up now, what units have been constructed by, through, with, the Manitoba Housing Authority. What do we have to

(MR. CHERNIACK cont'd)... see, to look at, other than Lord Selkirk Park, since the creation of that authority? I suggest that it's all very well to talk about revisions and national policy, but I don't know what this government has done on the problem of housing.

We find further in the report on Page 7 that in the manufacturing sector, the value of shipments from Manitoba plants passed the \$1 billion mark. We were told that last year. We were also -- no, that was retail sales I was referring to. Well, we'll stick to manufacturing sector - 2 1/2 percent above last year's level. You know that last year's improvement was 7.8 percent above the previous year; this last year it's 2 1/2 percent, and the Honourable the Provincial Treasurer says: "This is a reassuring performance in a year of slower growth for manufacturing throughout the rest of the country. Employment in manufacturing also continued a steady growth trend." Do you know what that last phrase is intended to mean? It's to mean that the manufacturing sector is growing, employment continued a steady growth trend - 2 1/2 percent above last year - a substantial drop in growth and one which is not compensated by the increased costs. The suggestion here is that we are really steadily growing but it's a year of slower growth.

I move on. I find on Page 13 a statement which is the concluding statement of this item. "What can be said for Canada affirmatively is that a developing nation has positive advantages in more balanced opportunity for expansion in very wide sectors of its economy. There is an absence of a high degree of obsolescence in our productive structure - a burden which has deepened the difficulties for older nations in these times of massive change." What does it mean? What did I just read? What is the true meaning of this? It's a smugness, that's all I can get out of it. It is the feeling that we are growing so much that we don't have to fear obsolescence. That's nonsense! We've been around a long time and we are in danger of obsolescence, and the outlook is worrisome as I've said before. If one looks at some of the charts that are appended to this, one starts to wonder just what is meant.

When we spoke of this development -- when we look forward further into what was said, we find the statement that "we may look forward to a continuation of public capital investment, especially in the utilities sector. There is sound reason to expect at least moderate growth in private capital investment." And reference is made to the sustaining fact of the Nelson River Project, and there's also reference made that in the mining sector there are several major new developments planned. But there's a word of caution, because world conditions have particularly direct reflection in markets for mineral output.

Well, there's a chart that bears looking at at this time. It's not numbered, it's the third last one here, and it deals with new capital investment in Manitoba in each of the years from 1958 to 1967. And looking only at the last 2 years, we find that there was an increase in institutional services and government from \$178.4 million to \$214.3 million, an increase of some 18 percent in institutional service and government expenditures. We find in the utilities an increase of 50 percent, which I think probably reflects the Nelson River. And in the private sector, what do we find? Would you believe two percent? Would you believe an increase of two percent in the investment of capital in private sector and other capital investments? Two percent is the increase in 1967 over 1966 as compared with 50 percent in utilities, as compared with 18 percent in institutional services and government. There's a smugness, and there seems to be a complacency; I hope it does not exist.

On the very last chart, we are given there primary resource production for the last five years, and again I'll deal only with the last two years. In the last two years, we are informed that the output, the primary resource production in Manitoba has dropped in every field referred to except minerals. Minerals has not dropped; it's up - it's up slightly - but it's dropped in revenue, which must mean something, and no doubt the Honourable Minister will tell us. But the rest have all dropped. Agriculture has dropped; forest products has dropped; furs has dropped; fisheries has dropped; minerals has gone up slightly. These figures are in inflated dollars, and if they were in real dollars, there would be a sharper drop shown.

We look further at some of these charts which are not really dealt with in the report itself. We have to look at them. We find selected indicators of Manitoba's development and we find that the rates -- well we find in farm cash income, no growth at all. In all of the others, the rate of growth is less than in the previous year, and is again, I think a matter for concern.

And finally there is a report on Manitoba Provincial Outputs in the fields of primary resources, construction manufacturing and retail trade. We find in the primary resources there's a drop, but we've already referred to that. We find in construction there's a lowering

(MR. CHERNIACK cont'd)...in the rate of growth, where last year there was a percentage change of 20 percent, this year has dropped to 11.5, and this I think is in spite of what probably should have inflated it or helped it grow, and that is the Nelson River project, and the centennial projects throughout the province I think should have made it an even better looking picture, but it is worse. In manufacturing, we find that instead of growth of 7.8 as last year, there's a growth this year of 2.4. In retail trade, instead of 8.6 last year, there's a growth this year of 7.8.

I think that this is serious, Mr. Speaker. I assume that others in this House would agree that this is serious and would prompt us to look seriously at the report made by Professor Pentland at the conference which came about as a result of our annual insistence that the problems of automation be studied. I think it was the Woods Commission that arranged or organized this project at which Professor Pentland of the Department of Economics of the University spoke, and I want to just take here and there statements which he makes. They're not taken out of context, they're just taken individually in order to reduce the length of time it would take to read the report, and I'll just read them as I have them marked. "The fact is that of all the Canadian provinces, Manitoba is the only one whose relative position has been steadily though slowly worsening over the past 50 years. If one looks at the eight provinces exclusive of Manitoba and Quebec, one finds a remarkable stability of wage and salary positions; the high-wage provinces stay high, the low-wage provinces stay low. The disturbance of relative wage position that turns out has been caused entirely by the downward drift of Manitoba from second to a tie for sixth, and the upward movement of Quebec from sixth or seventh to fourth. However, it should be noted that Manitoba's decline has not only been in rank, its disparity in wage levels has been widening absolutely. The weak income position that Manitoba has reached carried some serious and cumulative disabilities besides the inconvenience of the income recipients. It means"-and I think this sentence is so important for us to realize - "it means that the population of Manitoba constitutes a market with about 20 percent less buying power than an equal population in Ontario, to this extent diminishing its attraction to investors. For any thousand people in an area in Manitoba, their actual purchasing power is 20 percent less than the thousand people that you'll find in Ontario." And I think that's very, very serious.

Professor Pentland says, "The people of Manitoba, in keeping with their heritage, are more mobile than those of eastern Canada, less addicted to having themselves into poverty pools and poverty tracks. Hence, Manitoba's difficulties show up in high net out-migration rather than in a high unemployment rate". So we have to remember that when we are constantly reminded that our unemployment figure is low, it's low because of the out-migration.

And the professor says: "It is the basic supporting export or import competing industries that determine whether the economy will grow or not. They include agriculture, resource industries, manufacturing, and in Manitoba's case, a proportion of trade and financial services. Some of them are contracting and not many are expanding". He says: "There has not been much evidence of that massive increase in agricultural output that could breathe new life into the economy which is certainly within the province's physical capability. Fishing is a sick industry in Manitoba; so is trapping. Forestry may have potential for important growth, but has yet to prove it. Only mining among Manitoba's resource industries has shown strength and substantial growth." Well, why is it that our income is going down so rapidly in that very area of mining? That was my question, not Professor Pentland's.

He does state though that "it is clearly in manufacturing that any substantial expansion of the province's economic base must take place". He says: "A declining area can indeed be regenerated by manufacturing, as New England has demonstrated" - and that was referred to by the Leader of the Liberal Party. He says: "But such a regeneration would require bolder and different approaches than Manitoba has managed so far. Two other supports of the Manitoba economy are wholesale trade and financial, especially insurance services. Both have been expanding as employers, notwithstanding the automation represented by the computer. Both in terms of employment have expanded less in Manitoba than in other parts of Canada."

And he says, "The general picture then is one of a limited base which except in a few instances has been contracting." And he says, "Low wages in the province may have encouraged reluctance to change, because", he says, "Winnipeg has failed to guarantee its own future, because it has not been able to dispose its own power very effectively and has sometimes been unable to count on wholehearted support from its own province. Reasons offered for Manitoba's limited growth are often only excuses for inaction. We do not so much lack opportunity as

(MR. CHERNIACK cont'd)...inclination on the part of those with decision-making power to disturb their comfort, and Manitoba can indeed be very comfortable by taking steps to check and reverse decline. And then one other thing must be disposed of, the Manitoba propensity to pay low wages." I'm sorry, the Minister of Industry and Commerce is not present at this stage. The Minister of Labour is, but he may not be so closely related to the problem of economic development in the province.

Professor Pentland says: "Since a strong expansion must employ a vigorous demand for labour in general and for skilled and highly mobile workers in particular, it can only be meaningful to talk about change and expansion on the assumption that the low wage practices will disappear." He states: "Rapid technological change offers the best prospect for establishing an economy that will be expanding in output and employment. The really good provision for displaced workers is to have other expanding plants only too eager to obtain their services." He's referring to the loss of job opportunities due to automation. And he states, "Retraining will be required, but if the state or an employer assumes most of its costs and suitable jobs are available at the end, adjustment is not unduly difficult in this case either."

And then the report goes on dealing with attitudes of government, management and labour which are required to cope with the problem, and it deserves more detailed reading than the summarizing that I am giving to it. I commend it to the government for reading, and I indicate that he is not tied to any of these groups, government, management or labour, and he insists on greater co-operation between them. This is essential, and it is not helped by the benign and self-satisfied tenor of the Budget Address and the Economic Review.

On Page 4 of the Budget Address, Mr. Speaker, the statement is made that loss of momentum in growth in Canada's regions will be the result of inadequate government planning and failure to co-ordinate budget practices to balance the needs and conditions that exist in all parts of Canada. This reference is made to the Federal Government. It may be justified, but it is hypocritical coming from a government whose own failure to co-ordinate budget and economic policies and whose own inadequate government planning is crystal clear. That government operations are far from co-ordinated, that individual government departments are far from being placed in their proper perspective, is apparent from recent events.

Anyone unfamiliar with the Manitoba Government would have to conclude that there's only really one important department of government in Manitoba at this time, the Department of Industry and Commerce. Here is a Minister of Industry and Commerce, larger than life, leading a delegation to the United Kingdom, to Europe, presiding over a remarkable Summit Conference in Winnipeg, and whose billboards and newspaper advertisements blanket the province with the exciting message that "Manitoba is Growing to Beat '70." Of course, from time to time it is true we hear from other ministers of government, one known as the Premier, and some were in the background as the part-time Minister of Agriculture, and a Minister of Labour who this year has been rarely heard from, and who together represent the most important factors in Manitoba's economic development - agriculture, labor - and once a year we should have a chance to assess the implications for the provincial budget of what is being done or what is not being done by these people who are so involved in the economy.

But what is being done and is not being done is symbolized by the very slogan of the Department of Industry and Commerce which we see on every hand - "Manitoba is Growing to Beat '70" - which we can summarize in one word, "promotion". That's a word which was used by the Minister himself. Indeed, this government suffers from an excessive reliance on promotion and an insufficient attention to the solid painstaking work of backing up that promotion. This promotional atmosphere, what is the froth and bubble of the Ministry of Industry and Commerce, conceals a serious lack of planning, an absence of a balanced approach, a failure to look at the whole picture in the total context as well as in industrial and promotional terms.

Let me try to illustrate. The Minister of Industry and Commerce announced the other day that he was expecting 4,700 new jobs in manufacturing this year and the next year, partly I presume he would say as the result of the activities of his department. This is good. Certainly it sounds good, but tell me what happens if half of these jobs are low paid jobs and the other half are only average jobs. It will mean for one thing that the Provincial Treasurer will come to this Legislature next year and say he'll have to increase taxes since he has to spend just as much money or more for a low income family than for a medium income family, but the revenues from a given level of tax, from this low income family, is much less.

(MR. CHERNIACK cont'd)...

This in fact is one of the fundamental fiscal problems of Manitoba, that the average income of Manitobans, and particularly the wage and salary incomes of Manitobans, is sufficiently behind that of other provinces - except the Atlantic provinces - to make it necessary to have a higher rate of tax to raise the same amount of revenue per person, but it's what the Provincial Treasurer refers to as a developmental decade, which began in the 1958 fiscal year, that disparity has widened. Manitoba is farther behind now than it was then, so that Manitoba's fiscal problem is worse than it was then.

Unfortunately, the response of the Manitoba Government to this challenge has too often been one which will inevitably make the problem only more serious in the long run. In the interest of development, bedazzled by the promotional atmosphere surrounding it, the Manitoba Government has succumbed to the temptation to get development at any price. It has apparently had neither the intelligence nor the intestinal fortitude to adopt sound developmental policies that would contribute to the strengthening of the Manitoba economy in general and its fiscal structure in particular. As a consequence of this policy of development at any price, and jobs at any wages, the former Premier went cap-in-hand to the capitals of the world for help in developing Manitoba's forests, and it is not surprising that he could only find people who can be described as promoters, who at nominal cost to themselves have secured long-term rights to an important provincial resource.

It's not surprising either that this Provincial Government placed the Town of The Pas in the position of having to make long-term tax concessions to these promoters. It's highly likely that when the benefits and liabilities are balanced up that this so-called developmental project will, instead of strengthening the provincial budget picture, have considerably weakened it, and if it had strengthened it then it will also have been to the benefit of these outsiders and not to the benefit of Manitoba.

This same general consideration applies to the refusal of this government to raise the minimum wage in the province to an adequate level; to the campaign of the Manitoba Government to obtain immigrants with low technical skills to take the low paying jobs that our own people won't take or would rather leave the province than have to take. The general emphasis on lower wages as an incentive to industrial development is harmful. Why do we attempt to induce low skill or no-skill people to come to our garment industries? For whose benefit? At whose expense? I dare say that if we triple the number of employees in the garment industry at present wages, at the present wage level, we might seriously aggravate Manitoba's fiscal problem. Let us be frank about it; let us recognize that it is a service neither to the nation nor to Manitoba nor to the persons themselves to substitute a poor paying job, even if it is in Manitoba, for a good paying job somewhere else. It is only an advantage to hire a poor paying job if the alternative is to have no work at all. It must be the aim of a developmental policy, consistent with sound fiscal policies, to make available the better paying jobs with a high component of technical, scientific and managerial skill. But the government's program in this respect has been long on promotion and short on effective action.

The Manitoba Research Council, for instance, would be important on any advance of scientific research effort in the province, and it was established several years ago with considerable publicity; there's been little more than a shadow of its potential. I'm sorry the Minister of Mines and Resources has left the House because he would well know what I speak of. He was the Secretary of the Research Council for several years. I believe he was the only member, the only staff member of that council, and as far as I can see he was never provided with a budget to do the type of job that was required. The Provincial Treasurer shook his head when I said I thought he was the only staff member - I take it back - if there was another one then he will tell us about him.

Similarly, the Provincial Government announced some time ago - was it two or three years ago - that an industrial research park was going to be established at the University of Manitoba campus, but this too seems to have fallen victim to budgetary restrictions and a sort of upside-down system of priorities. There's money for a summit conference and for an expensive high pressure publicity campaign, but nothing for effective concrete action to begin on an industrial research park with its immense possibilities for attracting high wage industries to the province. We've lost critical years as the result of the failure to adopt a proper strategy for economic development in this province.

The effective relationship of budget and development policy requires much more

(MR. CHERNIACK cont'd)...information about the nature of provincial government expenditures than we now have. It also requires much greater public understanding of what's going on, because if the public understands, the public will support. It will support, even though it might mean increases in taxation. There is no point in the government suggesting only that thrift is needed, and to pat itself on the back for having added only 214 new civil service positions compared with some over 700 in the previous year in what seems to be inferred were the extravagant days of the preceding premier - and I sometimes wonder whether he belonged to the same party as the present premier. Until we have a clearer evaluation of the benefits of the program supported by government expenditures we shall not know whether, in fact, the benefits we have foregone were greater than the expenditures we saved.

Cost benefit studies must be made available to the people of Manitoba, and benefits to the people is what has to be considered rather than benefit to individual industries that are induced or expected to be introduced to come to this province. And in dealing with that, Mr. Speaker, we must always maintain a sort of perspective as to where we stand in relation to the Federal Government, and that is where this government seems to lay its blame. We have to have full consultation in this House and during this session, and without arbitrary time limits such as are placed on estimates or placed on this debate itself, on the entire question of this year's negotiations between this province and the Federal Government.

In December of 1966 there was an editorial in the Winnipeg Tribune referring to the Special Session we were called in on, where we were told you have got to pass it this month or else we won't have an agreement with the Federal Government, and the Tribune said, "The official explanation was that the authority expires at the end of December. The explanation excuses the timing but not the policy of an unchanged provincial income tax in the event a general retail sales tax is levied in 1967" - as we know of course that indeed it was. And the editorial says, "The New Democratic critics (and the Liberals never demurred) were assured full debate on provincial income tax after all the pages are exposed," because at that stage the Provincial Treasurer only lifted a little corner. But the statement in the editorial continued that with the government determined to continue the tax and the rate already set in law, the debate "will be only for the record."

We must not have a repeat in 1968 of the rush that was given to us in 1967. It is essential, Mr. Speaker, that we define our philosophic approach so that we can discuss it, so that we can debate it, and we must discuss the Carter Report which the Honourable the Provincial Treasurer has studied. We must decide on the approach we take. There is one approach given by Mr. Asper, who I know is an authority on taxation insofar as it affects the individual taxpayer but who also poses, in his report of which we all received copies, as an expert on the philosophy of taxation and I quote him as saying, "We sometimes tend to pay only lip service to the basic principles that in a free society government exists to protect the individual and his inherent right to life, liberty and property. Oddly enough, we seem more sensitive to encroachments upon the right to life and personal physical liberty than we are to invasion of the right to pursue, obtain and retain private property. Yet it is chiefly the right of the individual to private property that distinguishes us from totalitarian or communistic state. Taxation in any form like property expropriation is a negation of private property rights."

I don't know. Maybe that's the philosophy of this government. I think it's nonsense. I think that it is the right of the individual to equality of opportunity and political freedom to express his will and economic freedom to live a full life that should distinguish us from both totalitarian, communistic and capitalistic states.

I think we have to look at the approach made by Mr. Carter in his report and which is also referred to in Mr. Asper's article, that the tax system should be used to redistribute wealth among Canadians, that it should be used to stabilize the economy, that it should be used to spur productivity. It should encourage greater Canadian ownership of industry. It should raise sufficient revenue to cover the expanding expenses of government. Well, we did look at - at least I looked - at the submission that the government, our government, made to the federal Minister of Finance on Carter Royal Commission on Taxation.

MR. PAULLEY: Pretty wishy-washy.

MR. CHERNIACK: Is that what was filed today?

MR. PAULLEY: Well we got it before.

MR. CHERNIACK: But we have had it in our hands for some time. Wishy-washy, my leader says. In looking through it - and I have read it - I find that this government is fighting

(MR. CHERNIACK cont'd)...on behalf of business, finance, life insurance, mining companies. It's opposed to capital gains tax. Reading this report, one finds no benefit of any kind in the Carter Commission Report because none are referred to. There is nothing positive in this; there is only negative. And there is no recognition that when somebody is hurt, somebody should benefit. If somebody pays too much tax, then the tax they pay, or the tax that person or company pays, must reduce somebody else's tax or increase somebody else's services. No recognition of that in this document, no indication that somebody would benefit - but somebody would benefit, and the question is: who will benefit from the carrying out of the Carter Report? Some will suffer, that's clear. Some should suffer - that is clear. Some are suffering today by the lack of implementation and there are certain people who should be affected. Whether the government cares for them or not, they should at least recognize that they would benefit.

Under the Carter Report, mining companies would lose their depletion allowance. It's been estimated that 85 percent of the benefits now go to only eight oil and mining companies, most of whom don't really need this incentive. It is estimated that they would provide \$150 million more a year if they lost their depletion allowances. It is estimated that in 1964 revenues to Canadian insurance companies exceeded expenditures including policy dividends and increases in actuarial reserves by \$90 million. Income tax was only paid on \$5 million of that and amounted to \$2 million.

It is estimated that had the prosperous insurance companies been taxed on the same basis as other corporations in 1964, they would have paid \$77 million instead of \$2 million, and what the Carter Commission recommends - and I'm not going into it in any detail at all - is that there shall be a re-distribution of the tax burden so that wealthy individuals and corporations would pay their fair share and this would result in \$523 million more in corporation taxes to the Federal Government in one year, \$271 million of it being from foreign investors, but it would also result in, as I say, some benefits. Families earning under \$5,000 a year would pay 10 percent less in tax. Families earning \$5,000 to \$10,000 a year would pay 7% less in tax. Families earning over \$10,000 a year would pay 14 percent more in tax. Take your choice Mr. Speaker, take your choice. Whose side are you on? What is it that you want to do for the people of Manitoba?

I believe, and our party believes, Mr. Speaker, that we must negotiate a better share of Canada's economic development based on these suggestions contained in the Carter Report, not necessarily holus bolus but substantially in recognition of the principles. The Honourable the Provincial Treasurer, in his budget address and on TV, says that we Manitobans, we give all this money to Canada and we only get back part. We give to Canada all this money - we only get back part. The Honourable the Leader of the Liberal Party, he said, "Canada is giving to Manitobans an increased share of its revenue." The Provincial Treasurer says the Federal Government takes from Manitoba, the Leader of the Liberal Party says the Federal Government gives to Manitoba.

Mr. Speaker, how obvious it is that both are so basically wrong, as if to separate Manitobans from Canadians, as if to separate our responsibility as Manitobans to Canada, as if to separate the responsibility of Canadians to Manitoba's development on a fair and equitable basis. As Canadians, we Manitobans are contributing to make possible Canada's acceptance of this responsibility. As Manitobans we are contributing to Manitoba's needs, and by arrangement with the Federal Government we are collecting this portion that we need for Manitoba through the Federal Government. In addition, Canadians from other provinces who have greater financial ability are contributing to pay for certain programs in Manitoba which are of a provincial nature. It's absolute nonsense, I submit, to ask - as the Provincial Treasurer wants to do - for a greater share of Manitoba income as such. It's absolute nonsense, I believe, to say, "Instead of the abatement of 26 percent, 28 percent, give us 50 percent," because what he says, he wants a greater abatement of our own money. We must admit, Mr. Speaker, we must affirm, that because of our low average income here we are dependent on the income of the more affluent provinces whose products we buy. We are their customers. We are pretty good customers for them. And we have the right to share their affluence for our needs so that they will help us develop economically. We must obtain a greater share of Canada's tax revenues.

Both the Liberals and the Conservatives are doing a disservice to Manitoba, I submit, by accepting the entire concept of abatement of our own. I say we must face the economic facts and make demands rather than requests. The Liberals actually do not propose changes in

(MR. CHERNIACK cont'd)... taxation policies, nor have they indicated how they would provide the additional monies needed to reduce real property taxes. On this side we are all agreed real property taxes must be reduced - and by the Provincial Government - but they haven't indicated where they would get the additional monies in order to do that, in order to pay for our health needs. All they say is, "Cut extravagance and waste," and I agree and who can but agree that we must cut extravagance and waste, but what is there about the Liberal Party, or indeed any other individual, that makes him or them special experts in the cutting of waste? Can we honestly say that we people who are all human beings, are some of us in one political party full of extravagance and waste and in another immune from it? Is it the party that is so? Is it the Liberal Party that has shown such wonderful ability and diligence in cutting waste in the Federal field? Or is it a different party? Possibly these Liberals don't accept the Federal party as being their party. It's not the label that does that. It is waste and extravagance that does exist in government which must be rooted out and I wholly support them in that statement, but can they guarantee that there would be enough waste and extravagance cut in the provincial operations to make up for those great needs that we have, which Professor Bellan estimated the other day to be between \$15 and \$20 million in increased municipal taxes alone for this year.

Well, they say we have to have greater tax equalization; they say we have to have special programs, like for more money for higher education, and the reasoning sort of got me. The Leader of the Liberal Party said, "Because we export so much in brains to other provinces which benefit from that, we should be given more money because we are training these brains that are being used elsewhere." I would rather think that the subsidization that takes place in that field will be to create a more attractive climate in Manitoba to retain these brains, indeed to attract brains from elsewhere in order to settle with us so that we may benefit from it.

The Leader of the Liberal Party did propose the Prairie Provinces Development Organization intensification of work on these lines, indicated certain areas for common projects, and I think it's a good idea. I think it's worthy of consideration, worthy of promotion. It would be marvellous if, in doing that, we could really cut away the give-away programs that are designed to compete one province against the other. I would suggest, though, that if there be this partial form of cooperation between the provinces, if that's good - and I think it's good - then why not complete, why not amalgamate the three provinces? Then we'll get rid of some additional cost. Then we'll get rid of some redundant programming. Then we'll get rid of some costs that are unnecessary. And I think we should start to look at, to work for, a complete amalgamation of the three provinces.

Now I come to read from a recent speech, April 11th, 1968, a statement made by our premier who gave the benefit of his thinking to members of his own party at a dinner, a fund-raising affair which took place and which was reported in the newspapers of April 11th. I don't think we have had the benefit here of that kind of discussion but they did there, and we are grateful to the newspapers for giving us some of the message that he gave them, and I quote somewhat from the Winnipeg Tribune, where they quote him...

MR. R. O. LISSAMAN (Brandon): Read it all.

MR. CHERNIACK: ...the Minister of Agriculture -- oh, it was the Member for Brandon, to whom I am very grateful for the fact that he does listen to me throughout my address. The quotation in the Tribune, and it is in quotes, states that real property taxes are too high.

MR. PAULLEY: What an observation.

MR. CHERNIACK: He said, "I would like to shift that burden but," he says, "there is only one set of taxpayers. No matter how taxes are shifted - and we can promise no early changes in the portions of cost borne by real property - the same taxpayer must still meet the sum total of the costs of all services." You know that's true, and it's so superficial. The premier then appealed, and I think with merit, with justice, he appealed to Manitobans generally to "give us your creative imagination and thoughtful judgment on how best the province can balance the need for expanding services with the ability of the taxpayer to pay for them."

Well, we are here, with all modesty, to suggest to the Honourable the Premier that there are ways that this can be done, that with creative imagination and with thoughtful judgment - because I suggest to the Honourable the Premier that that is needed in his cabinet - I suggest to him that the concept that there's one set of taxpayers and the bald statement of that is so naive, because, Mr. Speaker, there are those who can pay and those who can't; there are those who can give quite a bit and there are those who can't; and they all make up part of the one set

(MR. CHERNIACK cont'd) . . . of taxpayers but you have got to recognize differences amongst them, and just to speak of them as one set I think is meaningless and worse than meaningless - it confuses; it's misleading. When you talk about shifting the burden, you are not talking about shifting the burden of taxation from municipality to province as if these are artificial bodies that you can recognize as being something which carried the burden - I used the term artificial wrongly; I mean real - that there is a burden on a municipality.

What is a municipality but the sum total of the people that live in it? And what is a province but the sum total of all the people that live in all the municipalities? They may be one set of taxpayers to the Honourable Minister, but once you separate the method in which you tax them, then you make a real separation amongst them, and I would suggest that the shifting of the burden has to be a redistribution of the burden on to those who are better able to pay. And you won't have too much trouble recognizing them. You can recognize them by the clothes they wear, by the food they eat, by the cars they drive, by the homes they live in, by the trips they take. And I'll tell you an easier way you can do it. You can do it by a good look at their income tax returns and then you'll learn something about ability to pay.

I think that the suggestions made by the Liberals in the amendment are good enough as far as they go, but they're not good enough and they don't go far enough. We must recognize that we need greater support for our responsibilities in this province from higher graduated income taxes in the above -\$10,000-a-year group. And don't tell me they can't afford it. We need higher corporation income taxes in the higher levels of income. We need the removal of special status and special treatment for these special groups, such as mining, and much more particularly, such as the life insurance companies. We need a recognition that people are earning money for which they are not paying taxes today, in the field of capital gains. And at the same time we must review certain exemptions that have become almost archaic. The exemptions in our personal income taxes need definite review and upgrading. The exemptions in estate taxes do need a good look at, and we must make sure to recognize that there are so many of our people in low income groups that are paying sales taxes to this province, to the Federal Government, and we should institute a rebate of sales taxes given to those who are not income taxable, as a recognition that they should, they are also not sales taxable.

The Provincial Government in calculating its needs for the coming year must accept its proper responsibilities for education, and especially free higher education; for health needs, including Medicare, as well as for hospital provisions to the people of Manitoba. They have to protect encroachment on the vulnerable low income groups. This whole talk we had about consumer credit, where the government actually promised to bring in legislation, is needed in order to protect low income group people on encroachment. This government must accept its responsibility to reduce the load on real property ratepayers and not blame the Federal Government for it. I think in doing that, it'll have to accept, as indeed it will in time - not this government, another - the principle espoused, as I said firstly by our party but we're not alone in it, by commission after commission, journalists, politicians and others, that services to property shall be paid by property; that services to persons shall be paid by persons; and all the responsibility shall be based on the ability-to-pay principle.

So, Mr. Speaker, I beg to move on behalf of the New Democratic Party, and seconded by the Honourable Member for Ethelbert Plains, that the amendment be amended by deleting all the words after the word "regrets" in the first line and substituting the following: That the government has

- (1) failed to conduct public affairs in a planned, prudent, progressive and businesslike manner and has neglected to conduct cost-benefit studies which would provide a development policy of sufficient scope.
- (2) failed to provide in its budget for the carrying out of the Medicare program now.
- (3) failed to develop the natural resources and industry of the province in the best interest of the greatest number of people.
- (4) while imposing the Revenue Tax and Sales Tax for the alleged purpose of shifting the oppressive tax burden from the municipal real property taxpayer, has in fact failed to adopt fiscal policies which would achieve this.
- (5) has failed to adopt a policy of equity in taxation through proper graduated personal and corporate income taxes in the higher levels; capital gains tax; and increased returns from natural resources.
- (6) failed to adopt policies which would relieve the agricultural industry of the problems

(MR. CHERNIACK cont'd)...of the cost-prices squeeze.

(7) while increasing tax costs on low and middle income taxpayers, has failed to provide a planned program of economic and social development for Manitobans which would give them an adequate return on their ownership of provincial and federal resources and provide to each Manitoban a life of dignity and security with a reasonable standard of living, of health care, and of educational opportunity in a just society.

MR. SPEAKER presented the motion.

MR. JOHNSTON: If no one else wishes to speak, Mr. Speaker, I beg to move, seconded by the Honourable Member for Emerson, that the debate be adjourned.

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

MR. SPEAKER: The adjourned debate on second reading. The proposed motion of the Honourable the Minister of Agriculture, Bill No. 40 The Honourable Member for Ethelbert Plains.

MR. MICHAEL KAWCHUK (Ethelbert Plains): Mr. Speaker, I beg the indulgence of the House to have this matter stand.

..... continued on next page

MR. LYON: Mr. Speaker, I wonder if . . . now to call the Committee of Supply.

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

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

COMMITTEE OF SUPPLY

MR. CHAIRMAN: Committee proceed. We were on Resolution 46. (c)--passed.

MR. MOLGAT: Mr. Chairman, I believe there are still some questions outstanding, are there not, from the Minister on . . .

MR. JOHNSTON: Mr. Chairman, last Friday, I believe I'd asked the Honourable Minister some questions and I don't think he answered them, but to refresh his memory and perhaps to rephrase two of them, I will do it again.

It is with respect to the Churchill Forest Products operation up north. I'd like the Minister to tell us how many cords of pulpwood have been exported through Churchill, and how many cords of pulpwood have been exported by rail to other areas; and also, if he could tell us how many jobs exist presently through the Churchill Forest Products operation that did not exist before. Now by that I mean jobs in the pulp cutting industry. As I understand it, there's some sub-contracting going on and I would like to know if he could tell us how many new jobs exist in that area which did not exist before Churchill Forest Products came into being. And just to refresh his memory, I'd like to quote from Page 739 of March 8th, 1966 Hansard, where the then Minister of Mines and Municipal Affairs - or Mines and Natural Resources, pardon me - said, and I quote - this is at the top of the page: "This will include the establishment in 1967 of woodcutting and forwarding operations to a large area of Northern Manitoba. It will also include the development of rail, truck and river transportation facilities, a pulpwood processing plant at Arnot on the Nelson River, a pulpwood handling and loading operation at the Port of Churchill, and a major lumber mill at The Pas, including debarking, milling, drying and shipping." And further down the page, in the fifth paragraph, and I quote - and again this is from March 8, 1966, and I quote: "Initially, several hundred jobs will be provided during the construction of the plants at The Pas and Arnot. As the project comes into operation, permanent employees will be built up gradually to a level of 1,000 direct jobs and 1,000 or more indirect jobs." So again, my question is: what is the situation presently? What has been exported, the number of cords and the number of jobs presently from this new industry?

MR. SPIVAK: Mr. Chairman, these are questions to be answered by the Minister of Mines and Natural Resources.

MR. JOHNSTON: Mr. Chairman, surely the Minister of Industry and Commerce has knowledge of the exports from the province. Has he not this information on other industries?

MR. DOERN: Mr. Chairman, I wanted to ask a question too, from last day, and then I want to make a comment. I asked the Minister whether he could comment on whether or not there was any assistance or any plan to look into a merchandise mart, and I also asked him whether he would comment on Westbank, whether there was anything that the government had done to attempt to help them locate and operate within the province.

MR. SPIVAK: Mr. Chairman, with respect to the question of the merchandise mart. There have been various proposals in connection with the merchandise mart that have been brought forward to the department of the government. They've been examined; where requested we have furnished information. We were led to believe that there was a real interest on the part of certain entrepreneurs to develop a merchandise mart - this is recently. However, it seems that their plans are not completed or they have withdrawn them. I would suggest that probably a real consideration in anyone's determination of proceeding with a merchandise mart will be an evaluation of what has happened in Montreal with Place Bonaventure which certainly is a major effort in the merchandising mart field but has had both its financial difficulties and its operating difficulties, and I would think would give anyone who considers this project certain indications of the kinds of problems that are dealt with in this kind of situation.

With respect to Westbank, insofar as the Department of Industry and Commerce is concerned - and I can only speak on terms of that department - various individuals who were interested in the functioning or the carrying on of Westbank in the province, some of whom were

(MR. SPIVAK cont'd.) involved as directors of the Company, at various times had discussions with myself and with other members of the department in terms of the possibilities of it, of the bank itself carrying on. During these periods of time, the directors of Westbank were having their own problems, their own troubles, and there was indecision as to what course of action would take place. Subsequently the court action took place and of course the matter is in the courts right now.

MR. DOERN: Mr. Chairman, I want to ask the Minister if he would comment on I think a major project that we were promised great advantages and great benefits from, but which did not seem to materialize, and this is in connection with the Nelson River. Now I know that this falls under the heading as well of Mines and Natural Resources, but it seems to me that we were promised that there would be a score of new industries developed in the province, associated with this extensive development. I assume that the Nelson River wasn't developed solely for supplying power to Manitoba, nor was it developed solely for export purposes, but it was also supposed to generate some secondary manufacturing, etc. So I would like to know how many new industries were, in fact, generated by this development. Contracts, for example, were given to I believe Japan and England and other provinces. I would like to know, for example, whether the Minister and his department researched and developed any new power-oriented industries. I'd like to know whether there's any specific Manitoba construction. For example, there were some large purchases from ATCO out in the West. Would it have been possible, for example, for them to do any of this building of these so-called portable trailers, etc. in this province? There is also a specific promise, the only one I can recall, which seems rather paltry compared to hundreds of millions of dollars that are going to be put into this project - Alcan Cables was supposed to build in that great City of Transcona, and they announced that this was primarily due to the Nelson River, and then they apparently pulled out due to changes in cables or something like that.

I also want to ask the Minister just generally, since he's providing all these services to the business community - free advice, free design, free this and free that - whether it's possible that the government might get some equity capital, might get some equity investments instead of simply loaning them money and then allowing people to skim off the cream, so to speak. What do we get back for it?

MR. SPIVAK: First of all, I may say that on the score of what industries have been drawn to this province as a result of the Nelson River project, score number one is Dryden Chemical. Dryden Chemical would not be in Manitoba if we are not in a position to be able to guarantee the power and at the rate that we were capable of doing, and at the consistency as a result of the development that's occurring on the Nelson River, because the power is one of the basic ingredients of the chemical complex or the output of their manufacture. We have, in fact, researched several projects which are power intensive industries; we are working with them now; and I would hope that we are going to be fortunate in seeing some of these industries come into Manitoba.

The Leader of the New Democratic Party made mention of the fact that some of the manufacturing opportunities that we were indicating now as being available, have been in fact available in the past and these were a repetition of what had been offered before, and he's shaking his head in acknowledgment. But one of the interesting features that in most of these cases, power and the ability to be able to supply power is one of the key elements and we are in a far better position in offering some of these opportunities in the light of changes that have occurred in technology and with the availability of power today than we were before, so I would say to you that Dryden Chemical would not have come into this province if we did not have a Nelson Hydro project on its way. -- (Interjection) -- Well that's the one specific example that I can say to you that I can definitely pinpoint. With respect to Alcan, and this has been mentioned by the Leader of the New Democratic Party and of course it affects his area, Alcan made a decision not to proceed in Manitoba. It was their decision and there is very little that we can do about it. They indicated to us, as I believe they indicated to the Town of Transcona, that . . .

MR. PAULLEY: City.

MR. SPIVAK: City, excuse me, City of Transcona - I stand corrected properly, Mr. Chairman - the City of Transcona that they had made a corporate decision not to proceed. We do know that there were changes that occurred within the organization and we do know that there were new policies that were set. It is interesting to note, though, that General Cable - I'm not

(MR. SPIVAK cont'd.) sure of the full name, it escapes my mind at the present time - who are in Fort Garry, expanded their operation in the same field - Canada Wire and Cable, which is the amalgamation of General Cable and the other organization, Canada Wire and Cable expanded their operation by \$2, 500, 000 or \$2, 750, 000, and their announcement was made almost at the same time that Alcan withdrew their proposal in Manitoba.

With respect to equity participation, this of course is a fundamental policy that would have to be determined by government. I would suggest to you that one must simply look at the participation of the Crown corporations in the Province of Saskatchewan and one would shudder at the concept of becoming involved as a government with private enterprise and trying to succeed. -- (Interjection) -- Yes, I've heard of that but I'm suggesting that if you look at Saskatchewan, you would become very skeptical of the ability to be able to blend in capably at this moment in our history.

MR. PAULLEY: Mr. Chairman, I wonder if my honourable friend would permit a question. Of course -- I'm going to ask the question anyway; it's my right. My honourable friend mentioned, linked up Dryden Chemicals and the Power Plant on the Nelson River. Is it not so that the Dryden Chemical Plant at Brandon is being proceeded with at the present time, will soon go into production, and that power from the Nelson River will not be here at least for another three years? Is this not so?

MR. SPIVAK: Mr. Chairman, I may inform the Leader of the New Democratic Party that the representatives of Dryden Chemical informed us that they would not enter into Manitoba or consider the building of such a plant if there wasn't a guarantee of continuity of power, and the Nelson Hydro development indicated to them the continuity that they felt was required.

MR. PAULLEY: I wonder if my honourable friend would answer my question without dodging around the bush. Whether or not they entered into an agreement, that is Dryden Chemical, for the supplying of power on a long-term basis or not, I don't know, but I do know, or at least I understand and the Minister has not said that I am wrong in my understanding, that Dryden Chemical is going into business and in order to go into business they must have the power, and they are not going to wait for the three years for the power to come down as a result of the installation and development on the Nelson River. Now then, how do you then link your last statement that one of the industries that is coming into Manitoba, namely Dryden Chemical, it was contingent on power from the Nelson River? It's using power that we have here now, or will be.

MR. SPIVAK: Mr. Chairman, there have already been three expansions by Dryden Chemical in their operation now, from the time that they announced their planning of the building. Continuity is the most important factor. Their building that is now under construction is part of the total complex that they hope will be built in time. They have indicated to the members of the department, and I'm sure that they'll indicate this to the Leader of the New Democratic Party, that they would not have entered into Manitoba if the Hydro project was not being built on the Nelson River.

MR. PAULLEY: But again, Mr. Chairman, my honourable friend was trying to dodge the point and this is very very typical of the particular department that he is the Minister of.

MR. LYON: You're missing the point.

MR. PAULLEY: Well I may be missing the point, but the fact of the matter is, as I understand it, that this industry is here now, it's developing and we haven't got the power from the Nelson complex and we won't have it for three years. -- (Interjection) -- Continuity, my honourable friends say. We could have continuity in the provision of power from other sources. We could have expanded the thermo plant further at Brandon. We could have undertaken other developments, but my honourable friend is not recognizing that. He's directly linking up Dryden Chemicals and the future with the Nelson, and I say that while it may be that eventually the power from the Nelson will be used, it's not just right to stand here today and say that we have only got Dryden Chemicals because of the development on the Nelson River.

MR. SPIVAK: Mr. Chairman, as I have already indicated, Dryden Chemical are in Manitoba because of the fact that there will be continuity of the Nelson River project, and I may suggest that the ability to be able to develop a chemical industry in this province is really dependent on the power availability that there will be in the future, and Dryden's plans included two things. They included the sale of their products to existing purchasers today, and the future prospects of their output will in fact become the raw material for the progressive growth of the chemical industry in this province, and that was dependent upon the ability and continuity

(MR. SPIVAK cont'd.) of electrical power to be able to feed the other industries that would fall in line as a result of their output.

MR. PAULLEY: I'm wondering, Mr. Chairman, whether I can get my honourable friend to get up out of the ethereal heights and come down and plant his feet firmly on terra firma. All I want from him - and he can't give it to me - is a definitive yes or no insofar as the development of Dryden is concerned. He's attributing their expansion on something that we haven't got as of yet, and I suggest to him that if we hadn't have got power from the Nelson River through other methods, we could have entered into agreements for the future in Manitoba for such a chemical industry and the provision of power. Nothing related at all specifically to the Nelson River. I am talking of Nelson River and Alcan, and this is why I cannot accept too much the statement of my honourable friend. It's again the question of Alcan. I remember the gusto and flamboyancy of the former Minister of Industry and Commerce when he pointed his finger across the room here to me and said, "I'm so happy to tell my honourable friend the member for Radisson, the City of Transcona, of the \$3 million wire complex as the result of the Nelson River." Well, I told my honourable friend the other day what has happened as the result of the announcements of the Department of Industry and Commerce. The citizens of Transcona, in co-operation with the Canadian National Railways, expended \$100,000 or more in an industrial park for the benefit of Alcan, for the benefit of the industrial development of Manitoba and Greater Winnipeg, and every day I pass by there and it's almost completed now - a new municipal office building and complex, combination garage, fire hall, police station. But no Alcan. I do want to say, though, that I appreciate as a citizen of Transcona that Alcan apparently has come to some agreement with the City of Transcona for a refund of \$25,000 for the cost, or partial cost, of the local improvements that were made in the industrial park. But again I say, Mr. Chairman, the Honourable the Minister of Industry and Commerce is not being factual, in my opinion, when he links the Dryden Chemical Development in Brandon directly with the Nelson River complex. It just isn't so.

MR. ELMAN GUTTORMSON (St. George): Mr. Chairman, since the House got under way in March, a great deal has been said about the Information Services Branch, and members on this side have labelled it as the Propaganda Branch . . .

MR. SPIVAK: . . . the specific item when we discuss it?

MR. CHAIRMAN: I ask the members of the committee to try and bring up the questions when we come to the particular item. We don't seem to be making very much headway. It's Resolution 56 on the . . .

MR. GUTTORMSON: Well it's up to you, Mr. Chairman. We are dealing with a variety of subjects on this point now and . . .

MR. LYON: . . . Mr. Chairman, so we will all know where we are. I had thought that we had passed the Minister's salary and we were on item (c). -- (Interjection) --

MR. MOLGAT: Well, I think that may be an exaggeration. It was one of the things that happens when the Chairman calls the items.

MR. LYON: I heard him call it, that's all I heard.

MR. GUTTORMSON: What do you want me to do, Mr. Chairman?

MR. CHAIRMAN: I think you could take up the item when we come to Resolution 56, (c)--passed . . .

MR. MOLGAT: Mr. Chairman, I think it is correct that you would call item (c), but I think what happened is that in the discussion the Chairman went ahead a few items. I'm prepared to -- I have questions on the Nelson Development Fund and I'll be prepared to hold those until we reach the item, if that suits the Minister better, but I would like to ask a general question, if I may now, as to the relationship between the different authorities responsible for development in the Province of Manitoba.

The Development Authority does not come under the Minister. Is that correct? What about the Economic Consultative Board and where does it appear under estimates? Because I do not find it under this department, neither do I find it under the Executive Council where I find the Development Authority. My question is: what is the co-ordination between the various bodies in Manitoba responsible for development? This department is responsible for industrial development. The Economic Consultative Board, I gather, is responsible for the broad approach and the general background to economic development. The Manitoba Development Authority, I presume, is responsible for the same general areas. We now have TED established, presumably operating in the same general areas. Who in the final analysis does what,

(MR. MOLGAT cont'd.) and who co-ordinates the operation, and what is the program in general with all these various bodies?

MR. SPIVAK: Mr. Chairman, the Manitoba Economic Consultative Board is under the Manitoba Development Authority and I would assume it's within that estimate. I can't answer for the First Minister and the Executive Council but I'm assuming that this is correct. It's in with the Authority and if it's not specifically annotated in the estimates, I assume it's in with the Authority amount.

The Manitoba Development Authority is part of the estimates of the Executive Council and it has the over-all broad function of co-ordination within the department, or co-ordination of the departments that are involved in economic activity. This I think must be understood in relation to the fact that there are a number of activities of various departments that affect economic development as such. Housing, as an example, would in one sense affect economic development; that is to say a housing program, because the impact of what is spent there has multiplying effects with respect to the economic development of a given area and the economic development of the province. The Nelson River project has its impact on the economic development of this province. So the Authority is involved in the over-all co-ordination and long-range planning of inter-governmental activity and over-all government activity in the economic field.

The Department is primarily responsible for industry and commerce, but planning essentially is part of this, and therefore within the Department we have certain expertise in economic planning and in economic industrial planning, and our efforts are independent of the Authority and not in competition with it, but of course, as the primary department responsible for Industry and Commerce, when matters come up within the Authority that involve the economic activity of the province, we ourselves are consulted and make our contribution.

The Consultative Board is part of the Development Authority. The TED Commission is under the Department of Industry and Commerce but there is a tremendous distinction between the TED Commission and its activities, and the Manitoba Development Authority, and the Manitoba Economic Consultative Board, and if the Leader of the Opposition would like me to try and deal with these differences now, I will. This is up to him at this time.

MR. MOLGAT: I don't insist it be done now but at some stage or other I want to know what is the difference between TED, the Economic Consultative Board and the Development Authority, and who is responsible for what, and why is it that we have to have the three of them and are they all working.

I would be quite happy if the Minister would proceed now and tell us exactly what TED does as compared to what the Economic Consultative Board does. It seems to me, frankly, on the basis of what I have seen so far, that they are duplications.

MR. SPIVAK: I have a lengthy speech if you are prepared for that. I'm not sure that this is necessarily the appropriate time to do it. Dispense - do I hear? Well I'm certainly quite prepared to do that. I cannot answer for the Authority - the First Minister must answer for that; and I cannot answer for him in the explanation of the Consultative Board. What I can, I think, do is explain what the TED Commission is proposing to do, and in the explanation of the TED Commission I think that we will have some idea and some basis to make a comparison between the effort that they will be putting forward and the effort that has been put forward in the past by the others and will be put forth by the Authority, by the Consultative Board, or even by the work of the Department of Industry and Commerce, and you will be in a position to put this into some proper perspective. I'm not sure that I can finish by 5:30; however, I will commence if the Leader of the Opposition is ready at this time.

During the five years that the COMEF report was tabled, the government and private sector have been engaged in implementing its recommendation and in testing the validity of some of its findings, utilizing the experience accumulated in this five-year period and taking account of the environmental changes, both those which have taken place during that period and those which were not foreseeable. It was thought desirable and timely to move our sights five years ahead and to have a report that would cover the full decade of the '70s. As you are aware, the COMEF report was until 1975.

Now, this would seem desirable and timely for several reasons. First, it was necessary, we believe, to reappraise the state of the Manitoba economy and to examine the extent to which the goals of COMEF have been met, and to devise a renewed program for the continuing economic development of the province, and to in fact devise our strategies for tomorrow

(MR. SPIVAK cont'd.) - and I've already referred to that in my opening remarks before my estimates - to be able to create our strategies so that they would be tuned to new knowledge and to the new developments and new aspirations of our people.

Now the selection of the word "target" is important, because it provides an important distinction between its tasks, the work of COMEF, the work of the Manitoba Economic Consultative Board, and the work of the Manitoba Development Authority. COMEF was concerned with forecasts rather than targets, for a fundamental premise of target-setting is that targets are to be more than mere extrapolations of the present or expected trends, but they must include a component of challenge, and while being realistic they must be attainable only with imaginative planning and with added initiative.

TED has been established to forecast the trends of the Manitoba economy through the Seventies to 1980, but in addition, its objective is to influence these trends positively by setting targets for economic activity which will challenge realistically the best capabilities of both the private sector and of the government of the 12 years. And this is the fundamental distinction between this and the other, the Board and the Manitoba Development Authority.

Now the strategies for development which will be the end product of TED work are to be devised through a three-step approach. First, as the name suggests, TED will set targets for Manitoba to reach by 1980 in terms of such fundamental economic measures as population, employment, gross provincial product, per capita income, distribution of income and so forth. And these targets will not be set, as I have indicated, as mere extrapolations of present trends; they are going to contain a component of challenge that I've referred to. But secondly, through research, TED is to determine the obstacles which lie in the path of the achieving of these basic targets, and to establish a set of sectoral targets to be worked out for each relevant field. And also, through research the TED Commission will develop strategies for overcoming the obstacles and reaching the basic and the sectoral targets that I referred to.

TED will commission - has commissioned and will continue to commission; I'm not sure of the full report in connection with this - a series of studies in relevant fields to appraise the situation in the light of the targets applicable to those fields, to develop a set of subsidiary sectoral targets that I referred to, to identify opportunities to be seized and obstacles to be overcome, and to formulate the strategy for moving effectively toward the achievement of all the targets.

These studies are basically under five headings, and I'd like to deal in some detail with them so that you'll understand it:

1. The Manitoba Economy in Perspective.
2. Challenges for Trade.
3. Challenges for Rural Development.
4. Challenges for Urban Development.
5. Challenges for Industrial Growth.

The first major study, The Manitoba Economy in Perspective, is to provide a clear analysis of the Manitoba economy both internally and its relative position with the national economy of Canada, to examine the progress made since the publication of the COMEF report with specific reference to the achievement of the objectives established in COMEF. In doing so, it's going to suggest the reasons for the success, or the failures, in meeting these objectives. The study is to examine Manitoba in relation to the regional, national and multi-national economies. It's going to seek to identify and describe those factors in the larger economies which directly impinge on Manitoba but they are beyond Manitoba's control. Among such factors are tariffs, transportation rights, taxes and national policy.

The study is to be both descriptive and analytical; that is, it will provide an inventory of the current economic situation while describing how specific economic factors influences Manitoba's relative position within a broader economy. Unlike the other four studies that I am going to be mentioning, this one will not seek to devise strategies for development, but limiting itself to descriptive and analytical functions.

Now the second study is a study of the Challenge for Trade. The trade study is designed to explore the opportunities for and the threats to Manitoba arising from the changing characteristics of trade across provincial borders both inbound and outbound. It will examine both the competition from outside, that is from other provinces, the United States and from the rest of the world, for sales within Manitoba and the competition which must be met in selling

(MR. SPIVAK cont'd.) Manitoba's goods and services outside our province. And of course a major part of this study will be concerned with the impact of the recently concluded Kennedy Round tariff reductions, which commenced as of January this year.

The study will also consider other likely trade agreements, particularly those which may develop between Canada and the United States, and the effects of change in restraint on trade other than tariffs.

Another condition to be considered is that the United Kingdom may within the period of interest obtain membership in the European Common Market, and the other European free trade area countries may likewise have joined, other countries than the ones who have joined so far.

The study is to identify opportunities opened by the tariff reductions, explore export marketing problems, evaluate the effectiveness of existing export marketing services, and establish requirements as well as suggested mechanism for more effective export selling. Special consideration is to be given to the possibilities for developing more trade with the United States in particular.

The trade study will also consider Manitoba in the national perspective, and here the important questions are whether Manitoba's advantages lie with respect to the rest of Canada, where they lie, what can be done to capitalize on them, and the foreseeable impediments to doing so. And a particular interest in this study should be non-freight sensitive industries. Manitoba's location - and we are aware of this - makes transportation costs an unusually important competitive fact feature. Consequently, if Manitoba is to serve more directly, more distance markets at least, it must try to establish industries which are able to carry relatively large freight costs, those which have the lower rates of freight costs, or the total costs of which are at least freight sensitive in general.

Consideration should also be given to new concepts in transportation, such as pooling of shipments, containerization, and the unit trains currently being utilized in the United States and for some commodities in Canada.

Finally, the study will consider Manitoba's internal market response to changes in national and international trade; normally, what opportunities are available for cutting back of imports as a result of new abilities developed in Manitoba.

Now the third study is the Challenge for Rural Development, and this will be aimed at identifying possibilities for encouraging economic growth of those regions of the province outside the urban centres of Metropolitan Winnipeg and Brandon which have unrealized development potential. Rapid changes in the technologies of communication and transportation and housing and education now make it possible to consider unexplored avenues for the development of these regions. Results of this study could allow certain rural areas to capitalize on the amenities generally offered by a growing economic centre while the centres, in turn, perform a constructive new role in the economic life of the province by providing a more balanced regional growth.

The study will identify the potential growth centres in rural Manitoba, and these are the geographic areas in which there exist certain economic factors which, if properly developed, could bring increasing prosperity to the regions and to the province. The problems and obstacles which limit economic expansion in these rural areas are to be considered. Initially, in order to experience any new development, the area may have to provide better utilities, training facilities, housing, or systems in communications and transportations, and these areas are to be identified.

The next study is of Challenges for Urban Development. This applies essentially to Metropolitan Winnipeg and to Brandon, because those cities, in common with North American urban areas, have major alterations in structure, function and amenity that are occurring as the population grows and the character of the economic and social life of the city shifts. With a concentration of industry and commerce in these urban centres increasing, additional problems have been generated and will continue to be generated, and existing ones will be compounded. And the purpose of this study will be to review the forces which bring change to these urban areas, relate them to the changes foreseen in the pattern of economic activity, in income levels, in transportation, in communications and political and social organizations, and establish guide lines for policy which will lead to the efficient expansion of industry, commercial activity, and general economic development in these centres.

Specifically, the study will examine the growth patterns of Manitoba's urban centres by

(MR. SPIVAK cont'd.) identifying the sectors of the Metropolitan economies exhibiting the greatest growth and analyzing the question of their future.

Secondly, important consequences of industrial and commercial concentration in large cities will be examined. For instance, what will this movement mean in terms of industrial land cost, in utilities, provincial population dispersion, building and housing programs, transportation, and the urban blight?

And finally, consideration in this study will be given to suggesting programs in which public investment may be used for ensuring quick and creative development in the urban centres.

The last study is the Challenges for Industrial Growth. Recognizing the central importance of growth in industry (primary, secondary and service) to the health of the Manitoba economy as a whole, the study will focus on the following topics: an analysis of the strength and weaknesses of Manitoba's existing industry; a survey of opportunities for expansion, an examination of better utilization of provincial resources, including agriculture, as a basis for industrial growth; a study of the possibilities for attracting technically oriented new industry to Manitoba.

While Manitoba industry has moved forward significantly in recent years, I think there is agreement by everyone that we still have a great potential and we have more to do. Before a strategy for accelerating industrial development can be solved, the obstacles to industrial and commercial expansion must be identified correctly; and the identification of these obstacles to industrial growth is to grow out of an exploration of the present status of Manitoba's industry as well, including particularly industrial wage structure, labor productivity, capital requirements, and the significance of new technology for each of these.

More specifically, the following investigations are to be made:

- (1) An investigation of the relationship between the location and growth of industries and wage rates.
- (2) A comparison of real incomes as between Manitoba and selected areas of the United States for comparable skills in both labour and management.
- (3) A comparison of the productivity of labour and capital as between Manitoba and other areas of Canada and selected areas in the United States, both at present and, so far as feasible, projected till 1980.
- (4) A comparison of the competitive situation of Manitoba industries with those in other areas of Canada and the selected areas in the United States, and the effect of the situation on marketing, production and other functions of firms within industry.
- (5) A comparison of taxes on business in Manitoba and other provinces and the effect of differences in taxation and encouraging the growth of existing industry and the location of new industrial activities.
- (6) A review of the adequacy and effectiveness of management in Manitoba in applying newer industrial management techniques, such as operation research and findings of the behavior of sciences.
- (7) A survey of the availability and utilization of supporting services such as data processing, management consulting, industrial research and development, finance and marketing surveys.
- (8) An appraisal of the willingness of management to accept risks and to innovate with new technology and new ideas in general. This analysis should be able to indicate why new technology has been developed and applied in some areas and not in others, and to arrive at reasonable explanations for these phenomena. A survey of the availability and utilization of capital for industrial investment in operations. A study of the role of government in promoting the expansion of industry including an assessment of the effectiveness of competitive industrial development programs in Canada and the United States. Tax policy and power rates and industrial development programs are also to be considered.

Drawing from these studies, the principal . . . study then is to proceed with the design of a strategy that I referred to for reaching new levels of industrial activities which will support the over-all targets set by TED.

MR. MOLGAT: Mr. Chairman, the Minister has confirmed exactly what I thought. The gobbledegook he has read to us now, which he says establishes something different, is exactly what the Manitoba Development Authority was originally set up for. That's what we were told in 1963 when the Act was presented to us. Chapter 23 of the Statutes of 1963 virtually tells us word for word what the Minister's read to us at this moment, except he's put in some more

(MR. MOLGAT cont'd.) phrases into it about challenges and targets and so on and so forth.

But what exactly was the purpose of establishing the Manitoba Development Authority? Read the Act, Mr. Chairman, and I'm not going to read it all as the Minister has now read the text he had prepared for him explaining what TED was. But the purpose of the Development Authority, the purpose was furthering of the economic development of the province with a view to increasing employment and employment opportunities and raising the standard of living of the people of Manitoba. That's the plan of the Manitoba Development Authority. And what was it given as its structures to achieve this, Mr. Chairman? Well, it was given, specifically, the Manitoba Economic Consultative Board. That was the vehicle, the technical group who were to assist the Development Authority.

What does the Economic Consultative Board tell us? Well, in their very first report, which was March of 1964, the Economic Consultative Board laid down their general purposes, objectives and duties as established for them by the Order-in-Council establishing the Consultative Board. And the things they are to do - and they are listed there from (a) to (f) - are exactly the things that the Minister now tells us TED is going to do.

Mr. Chairman, it's a pure and straight case of duplication. Either the Minister has no faith in the Consultative Board, and if that's so then the government ought to tell the people of Manitoba: "We don't think the Consultative Board is doing a good job, therefore we're going to disband them and we're going to have a new body we call TED." Well, if that's the project then the people of Manitoba will know where they stand. But the government doesn't say that. The government doesn't say they are going to change the Economic Consultative Board, and quite frankly I am not suggesting that they should. I have read with a great deal of interest the four reports that have been submitted to us in the past by the Economic Consultative Board. It seemed to me that the structure which had been established was one that had some logic to it. Oh, that was a very expensive proposition. It cost the people of Manitoba a million dollars, but I'm not opposed to investing if it's going to bring back proper returns. I'm opposed to spending money if it's pure waste, but if the returns are going to be there, I'm prepared to proceed.

So we proceeded with COMEF. We got a report; the Development Authority was set up with its responsibility, as I have read it: the improvements of the situation in Manitoba in the standard of living of our people. They have the Economic Consultative Board specifically responsible, Mr. Chairman, for an annual review and a regular study of exactly the things that the Minister says TED is going to do, and if you look at the annual reports of the Consultative Board you'll find there in their very indexes the type of studies the Minister said TED is going to do, and it just doesn't make any sense. Mr. Chairman, that's been, in my opinion, the problem with this government's operations in Industry and Commerce now for too many years. It's been based on duplication, the spending of a lot of money in the assumption that if you do enough of that, produce enough propaganda, that the public will believe you are doing something. If you check back over the years, you find that the Department of Industry and Commerce since my honourable friends took office in 1959, an accumulation of its annual estimates indicate that they have spent \$17,816,000. That's the expenditures of that department over the years, and that's without counting the Development Authority, which is in another department he tells us; without - I don't know if it considers COMEF or not - was that handled through Industry and Commerce? I don't know -- (Interjection) -- \$200,000? It was a million dollar study was it not?

MR. SPIVAK: It was \$200,000 that's what went . . .

MR. MOLGAT: Well whatever the amount was -- (Interjection) -- I had better let the Minister say what he has to say on that one. -- (Interjection) -- I was merely waiting for the Minister to get his interjection on the record.

So in ten years we have spent \$17,816,000 in this particular department to develop industry, and, Mr. Chairman, there is a good deal of concern in Manitoba as to whether we have had value for that expenditure. And today when we hear the Minister read to us the purposes that he has laid down for TED, and when you consider what the government has told us in the past about the Development Authority, the work that has been specifically allocated to the Economic Consultative Board, Mr. Chairman, I just don't have any faith in the way the Minister is operating, because to me it is pure duplication. If you need TED, why do you have the Economic Consultative Board? If you have the Economic Consultative Board, why do

(MR. MOLGAT cont'd.) you need TED? This is just another front, Mr. Chairman. This is an operation to lull the people of Manitoba into believing the government is doing something, and so not being satisfied themselves apparently that enough is going on, they appoint another commission, they give it a startling name and they expect that the people are going to be convinced that things are happening.

My recommendation to the Minister is to get the Economic Consultative Board working. It's a group that's been in operation now for some years. They have produced four reports. The structure is there. They have COMEF as a background. The Development Authority is there and the Economic Consultative Board is there. Why not make use of them? If they are not satisfactory, then let's not duplicate it by another agency; let's scrap the whole thing and start from scratch. But that isn't the way the Minister is proceeding. He's simply continuing with the past expenditures and adding some more on top of it - duplication of the same work.

MR. SPIVAK: Mr. Chairman, I'd like to just make a few comments. First of all, I reject what the Leader of the Opposition has said. It is not a duplication. The MECB was charged with the responsibility of producing an annual report which in fact was an objective, realistic appraisal of the state of the economy of Manitoba. It has produced those reports and I have no reason to believe it will not be producing the report this year or the next year or the year after. The TED Commission is to produce the target till 1980, and in the process of producing them is to set a challenge for Manitoba. Its report is not to be an objective appraisal of Manitoba; its report is to be a challenge to Manitoba. The objectivity of the MECB has nothing to do with the terms of reference that I read that deal with in fact the TED Commission, which is to challenge Manitoba and to present Manitobans with a challenge that must be met both by government and by the private sector.

But I may say to the Leader of the Opposition, so that he'll be assured of utilization of the Manitoba Consultative Board, that the Manitoba Consultative Board will in fact be doing several of the studies for the TED Commission, and that in fact the TED Commission has requested of the MECB specific studies to be undertaken by them, probably - and although I can't verify this, I do not know the specific studies - but I would assume probably in the areas where the TED Commission must deal realistically and objectively with what is happening in Manitoba. It is not duplication, as is suggested by the Leader of the Opposition. It has its function. It has the format of COMEF to follow, with the involvement of all elements of the community, with all sectors of the community, and in its basic approach it is to bring forth targets which have the component of challenge, which in fact are beyond necessarily our reach today but possibly within our grasp, to be able to set those challenges realistically for us to be able to meet them in the decade of the 70s.

MR. MOLGAT: Mr. Chairman, I was hoping I would not have to read to the Minister exactly what the Manitoba Development Authority is, but I presume I'm going to have to. I would recommend to him the reading of the Act, because here's exactly what is stated as the responsibilities of the Manitoba Development Authority, and I'm reading from Chapter 23 of the Act - or Chapter 23 of the Statutes of 1963. I read the general purposes, and here's what it says about the objects and the powers. "The specific objectives are as follows:

"(a) the definition and development of economic objectives and means of achieving them;

"(b) the consideration of obstacles to economic growth and the development of means of overcoming them;

"(c) the examination and development of the means available to achieve:

"(i) the measures required for the promotion of major economic development projects and the means of implementing them,

"(ii) the co-ordination of public and private activity in pursuance of the objective and particularly the co-operation of all sectors of society in attaining a higher level of economic productivity,

"(iii) the adoption of and implementation of plans and methods by which there may be brought to the attention of investors in Canada and throughout the world, the opportunities that exist in Manitoba for the productive employment of capital,

"(iv) the co-ordination of economic policy and action of the government of the province with the economic policies and actions of other governments, and particularly the Government of Canada, the government of other provinces of Canada, and municipalities." - exactly what my honourable friend was talking about, urban and rural.

"(v) the development and analysis of ideas and proposals that the Authority

(MR. MOLGAT cont'd.) considers may contribute to the achievement of the purposes and objects of the Authority.

"And then (3) the Authority shall at the earliest opportunity take into consideration, assess and appraise any examination, surveys or studies made, and plans, schemes, recommendations or proposals prepared or made by the Board. "

Mr. Chairman, apart from slight changes in wording, this is exactly what the Minister says TED is going to do. That's why this Authority was set up. Now the duplication is going to be even worse, Mr. Chairman, because they have taken -- when this was originally set up, this Authority was under the Department of Industry and Commerce. Subsequently, the government switched it and put it directly under the Premier. It's now in Executive Council, so my honourable friend apparently - whether he's miffed or what the problem is, he wants more staff in his department or what - he is going to set up in his department a new Commission called TED.

So we are going to have over in the Premier's office, or under his authority directly, the Development Authority and the Consultative Board; and over in this other area, the Department of Industry and Commerce, another one called TED. Mr. Chairman, we don't need both. We don't need TED. Let's proceed with the Development Authority as set up; the Consultative Board, which in my opinion has done a good job. The Minister may not like the report that the Consultative Board has brought out. He may not like it because they are not patting the government on the back, but they have been charged with the responsibility - it's clear in the Act - and we certainly don't need another authority to do the same work.

MR. CHAIRMAN: It is now 5:30. I am leaving the Chair until 8:00 o'clock.