

THE LEGISLATIVE ASSEMBLY OF MANITOBA
10:00 o'clock Friday, April 7, 1972

Opening Prayer by Mr. Speaker.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed, I should like to direct the attention of the honourable members to the gallery, where we have 68 students of Grade 12 standing of the Millbank High School. These students are from South Dakota. They are under the direction of Mr. Dickhaut. On behalf of all the honourable members of the Legislative Assembly I welcome you here today.

MR. SPEAKER: Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Ministerial Statements and Tabling of Reports; The Honourable Minister of Industry and Commerce.

TABLING OF REPORTS

HON. LEONARD S. EVANS (Minister of Industry and Commerce)(Brandon East): Mr. Speaker, I'd like to take the opportunity to table in the House part 1 of the report being prepared under the Regional Analysis Program. It's called Data Regional Analysis Program of Southern Manitoba and copies are available therefore for each group in the House and for the library and if any particular members would like additional copies I would be pleased to present them. This provides factual data on economic and social conditions in Southern Manitoba. I would also like to take this opportunity, Mr. Speaker, to draw to the attention of the Members of the House various charts and tables at the entrance to the Legislative Building. At this location various summaries are provided in graphic form of some of the data which we have gathered in this particular survey. Thank you.

MR. SPEAKER: The Honourable Minister of Tourism and Recreation.

HON. LAURENT L. DESJARDINS (Minister of Tourism, Recreation and Cultural Affairs)(St. Boniface): Mr. Speaker, this morning I was in touch with Judge Hewak. I informed him that I would appear before the inquiry willingly -- inasmuch as my name has been linked with some controversial issues I believe that it is important that I make myself available. I am ready to testify under oath without parliamentary unity and I don't intend to ask the taxpayers of the province to pay any legal fees on my behalf.

MR. SPEAKER: Any other Ministerial Statements -- reports? Notices of Motion; Introduction of Bills; Oral Questions; The Honourable Member for Birtle-Russell.

ORAL QUESTION PERIOD

MR. HARRY E. GRAHAM (Birtle-Russell): Thank you, Mr. Speaker, I would ask my question to the First Minister in the absence of the Minister for Transportation. Will the First Minister indicate to us when the report of the Taxi Cab Inquiry Committee will be tabled in the House?

MR. SPEAKER: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier)(Rossmere): Mr. Speaker, from the latest information I have on this matter, I have the impression that they have not completed their considerations as yet and so I am unable to say when the report will be tabled but I expect it will be before session's end.

MR. SPEAKER: The Honourable Member for Birtle-Russell.

MR. GRAHAM: A supplementary, Mr. Speaker. Could the First Minister indicate if indeed the inquiry will be holding more meetings?

MR. SCHREYER: Negative.

MR. SPEAKER: The Honourable Member for Minnedosa.

MR. DAVID R. BLAKE (Minnedosa): My question would be for the Honourable the Minister of Industry and Commerce. Would the Minister be prepared to table a copy of the departmental report assessing the management capabilities of Western Flyer Industries?

MR. SPEAKER: The Honourable Minister of Industry and Commerce.

MR. EVANS: Well, Mr. Speaker, I am pleased that the honourable member is a little

(MR. EVANS: cont'd) more specific than he was yesterday about reports. First of all there is no departmental report criticising the management of Flyer Industries Limited. As I said yesterday, Mr. Speaker, I receive many reports on the progress of Flyer Coach Industries Limited. The latest report I have which shows that the sales for this year will be double that of last year and there will be an expansion in staff.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. HARRY J. ENNS (Lakeside): A supplementary question, Mr. Speaker, directed to the Minister of Industry and Commerce. Will the Minister table the report that Mr. Peter Warren is going to be making public on Monday morning on the matter of management of Western Flyer? Will the Minister table that report and give us the benefit of that information too?

MR. SPEAKER: The Honourable Minister of Industry and Commerce.

MR. EVANS: Mr. Speaker, I had the privilege of listening to the same radio program as my honourable friend from Lakeside this morning and for the life of me --(Interjection)-- for the life of me, Sir, I state categorically in this darn House that there is no report and I don't know what Mr. Peter Warren is talking about. I have no such report.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: A supplementary question, a final supplementary question -- let me recommend the Honourable Minister of Industry and Commerce for devoting that much time to listening to the radio. . . .

MR. SPEAKER: Order, order please. The honourable member is debating. The Honourable Member for Roblin.

MR. J. WALLY MCKENZIE (Roblin): Mr. Speaker, I have a question now to the First Minister in the absence of the Minister of Transportation. I wonder does the government propose to grant additional taxi cab franchises to rural Manitoba or the Indian reservations?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, if the part of rural Manitoba that my honourable friend is referring to is the Grandview-Roblin area I would say that I am not aware that there is any such intention on the part of the board although since the time that Grandview has been named as the black bear capital of Canada, it may be that tourist activity will increase and will require additional taxi cab service.

MR. SPEAKER: The Honourable Member for Thompson.

MR. JOSEPH P. BOROWSKI (Thompson): Mr. Speaker, I have a question for the First Minister. Is the government in the process of attempting to persuade hospitals to require the establishment of Abortion Committees where they presently do not have them?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, this is a matter of policy but I believe it can be said that there is no effort being made by the government to coerce any hospital board to set up or to cause to have set up such a committee as the Honourable Member is referring to. I believe that answers the question.

MR. BOROWSKI: A supplementary question. I take it then, Mr. Speaker, there will be no economic penalties or sanctions taken against hospitals who refuse to set up committees.

MR. SCHREYER: Well, Mr. Speaker, as the honourable member is aware under the present law of Canada it is open to hospital boards to cause to have set up such medical committees. However, no hospital board is required to do so and therefore it would be wrong to levy any kind of penalty directly or indirectly to such hospitals.

MR. SPEAKER: The Honourable Member for Portage la Prairie.

MR. GORDON E. JOHNSTON (Portage la Prairie): Mr. Speaker, my question is for the Honourable Minister of Industry and Commerce. With respect to Western Flyer Coach is it the practice with that company to, when making bids, to bid to show a profit or to get the bid at any price, in other words, at a loss.

MR. SPEAKER: The Honourable Minister of Industry and Commerce.

MR. EVANS: Well, Mr. Speaker, the honourable member is asking me a technical question of business practice. I can just say that I have great confidence in the management of that company -- it's been demonstrated by the increasing sales that it is experiencing all over North America, with some potential in Mexico city. I can say I believe confidently that their bidding is in accordance with what they feel is in the best economic interests of the development of the company.

MR. SPEAKER: The Honourable Member for Morris.

MR. WARNER H. JORGENSEN (Morris): Mr. Speaker, I should like to direct my question to the Minister of Industry and Commerce. It's in connection with the tabling of the report of the Community Regional Analysis Program. Did I understand him correctly to say that copies of this report will be available to all members of the House and that they would be distributed in the Chamber?

MR. SPEAKER: The Honourable Minister of Industry and Commerce.

MR. EVANS: Mr. Speaker, my intention was to make one available to each group, but I also indicated that if other members had a special interest -- if particular members had an interest in this type of data, that I would undertake to provide those members with a copy of that report. I wasn't sure whether everybody wanted to have one for personal use.

MR. JORGENSEN: Well, Mr. Speaker, are there sufficient copies available for all members of the Legislative Chamber?

MR. EVANS: I was making that assumption that there were.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: I direct a question, Mr. Speaker, to the Honourable the House Leader. I wonder, Sir, if the House Leader could tell me whether or not he has received any indication from any private member or otherwise as to when he will be introducing a measure bringing in aid to private and parochial schools.

MR. SPEAKER: The Honourable Minister of Labour.

HON. RUSSELL PAULLEY (Minister of Labour): Mr. Speaker, I believe that my honourable friend should be aware of the fact that no private member has to channel through the House Leader any private resolution.

MR. SPEAKER: The Honourable Member for Souris-Killarney.

MR. EARL McKELLAR (Souris-Killarney): Mr. Speaker, I'd like to direct a question to the Minister of Health and Social Development. Would the Minister indicate when the Blakely Report, recommending enlargement of Pembina House at Ninette Sanitorium is going to be implemented?

MR. SPEAKER: The Honourable Minister of Health and Social Development.

HON. RENE E. TOUPIN (Minister of Health and Social Development)(Springfield): Mr. Speaker, I'll take the question as notice.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. JACOB M. FROESE (Rhineland): Mr. Speaker, I'd like to address a question to the Honourable Minister of Municipal Affairs. Is it the intention of the government to reduce the insurance rates on tractors?

MR. SPEAKER: The Honourable Minister of Municipal Affairs.

HON. HOWARD R. PAWLEY (Minister of Municipal Affairs)(Selkirk): I believe that the honourable member would be wise to be a little bit more specific in the nature of his request for information and if he has any particular area of concern to give me the details of it I'll take it under review and then advise him.

INTRODUCTION OF GUESTS

MR. SPEAKER: Order please. Before we proceed I should like to direct the attention of honourable members to the gallery where we have 150 students of Grade 11 standing of the Steinbach Collegiate. These students are under the direction of Mr. Reimer, Mr. Epp and Mr. Dyck. This school is located in the constituency of the Honourable Member for La Verendrye.

ORDERS OF THE DAY

MR. SPEAKER: Orders of the Day. Orders of the Day. The Honourable House Leader.

MR. PAULLEY: Mr. Speaker, it is in accordance with the rules of the House that the first order of business will be the adjourned debate on the Budget Speech.

MR. SPEAKER: On the proposed motion of the Honourable Minister of Finance. The Honourable Leader of the Opposition. The Honourable Member for Lakeside.

MR. ENNS: . . . the member for River Heights, the Leader of the Opposition, can we have this matter stand?

MR. SPEAKER: Agreed? The Honourable House Leader.

MR. PAULLEY: Mr. Speaker, Mr. Speaker, before agreeing I would like to point out

(MR. PAULLEY cont'd) to honourable members that in accordance with the rules of the House there is a time limitation of eight days; this being seven days from now, this is the second day, that in accordance with the rules of the House there is that time limitation. I have no objection to the adjournment continuing in the name of the Honourable Leader of the Opposition but I think in all fairness to members of the House that if any other honourable member desires to take part, he should be allowed or she should be allowed so to do.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. ENNS: Mr. Speaker, just further to that point raised by the House Leader, certainly there's no objection on the part of the Leader of the Opposition to have any other members participate in the budget debate at this time. We are aware of the traditional precedent established in this matter; this does count as one of the days of the budget debate whether we choose to use it or not.

MR. SPEAKER: The Honourable House Leader.

MR. PAULLEY: If I may then, Mr. Speaker, I wonder if you, Sir, would ask if any other member wishes to speak at this time that they'd be permitted so to do.

MR. SPEAKER: Do we wish to proceed on the motion to go into Ways and Means? Any member? (Stand)

MR. PAULLEY: Now then, Mr. Speaker, I wonder if you would mind calling Bill No. 5, Succession Duty Act, standing in the name of the Honourable Member for Souris-Killarney.

MR. SPEAKER: The proposed motion of the Honourable Minister of Finance. The Honourable Member for Souris-Killarney.

MR. MCKELLAR: Mr. Speaker, the Honourable House Leader -- I thought maybe he was going to by-pass this bill. He was in a generous mood this morning, wanting to get at his estimates and I thought he was sure to go right into Ways and Means and deal with the Department of Labour. But seemingly he isn't anxious to get at that department this morning after the hectic time we had here this afternoon, yesterday afternoon, and --(Interjections)--

MR. SPEAKER: Order please.

MR. MCKELLAR: So I did come half prepared here to deal with this Bill No. 5, Succession Tax Bill, a bill which many of us never thought we would live long enough to see in the Province of Manitoba -- Provincial Succession Duty Tax Bill. Mr. Speaker, it makes one wonder just how long we're going to have to pay taxes in this world. The Federal Government in 1968 said that all estates should be passed on to the wife without any tax. The Federal Government last year in their Capital Gains Tax . . .

MR. SPEAKER: Order please. I should like to suggest -- I realize it's aggressive weather in Manitoba but the overtones are getting the best of the undertones and I can't hear what's going on so would the honourable members conduct themselves a little more quietly. The Honourable Member for Souris-Killarney.

MR. MCKELLAR: Thanks, Mr. Speaker. It's very difficult on a morning to speak to an audience that's not listening but that's one thing we can't do in this House, is make people listen if they don't want to. I found that out many years ago; it's very difficult.

Mr. Speaker, as I was saying, last year, this past year the Federal Government brought in a Capital Gains Tax which was right and proper and I agree 100% with it -- which actually said that you would pay tax on your Capital Gains and the estate could be transferred at the time of death without any tax being borne by the beneficiary or by the estate. Mr. Speaker, that is the right approach, but what did the Government of Manitoba do - they're not satisfied to take their portion of the Capital Gains Tax - they want more tax and last night we heard all about the great coming of 1972 and 1973 by the Minister of Finance of our province.

Great things are going to take place in Manitoba in '72 and '73. In one breath, Mr. Speaker, they're gonna drain your pockets of all your money. In the next breath they say, lo and behold we're gonna get another cheque equal to the brave amount which they all talk -- maximum \$140.00 minimum \$50.00 and this is what they're so proud about. But what are they taking off the people of Manitoba? What are they taking off the people of Manitoba? Mr. Speaker, this isn't a tax that deals with \$200,000. This is a tax on all estates over \$50,000. This is what the people of Manitoba got to really realize. In the final analysis it will be estates within a family will be taxed over \$50,000. It mightn't be in your time, it mightn't be in mine but some time they're going to be taxed at the rate of \$50,000.

Mr. Speaker, if there ever was discrimination, if there ever was discrimination, it's right in this bill right here -- right here! And I shouldn't have to stand up here and defend people who never got married, who never had families. Why should I have to get up and defend

(MR. McKELLAR cont'd) them. But, Mr. Speaker, there's discrimination and it's about high time that the government realized it. I'm getting letters -- and some of the letters have been forwarded on to the First Minister -- from people in my constituency who say that it isn't right and proper when they paid taxes all through their life - that they're treated differently when they're a single person compared with a married man or the wife of a family. So, Mr. Speaker, I want to mention that fact.

Mr. Speaker, we are paying capital gains tax; we are paying income tax. Mr. Speaker, the Province of Manitoba are getting their fair share of these taxes. The Minister of Finance of our province makes a big howdy-do about equity - equity in the Province of Manitoba - we want equity. How can you have equity, Mr. Speaker, when our provincial income tax is 42.5 percent of the federal tax when Ontario is 30.5 percent and Alberta is 32.5 percent - with Alberta with no sales tax, and Alberta with no estates taxes, succession duties and no gift tax. Is that equity, Mr. Speaker? I say "no". If we want equity in the Province of Manitoba let's be fair with the people of the Province of Manitoba and deliver on the grounds when you say that you're having equity in the Province of Manitoba. --(Interjection)-- Mr. Speaker, the First Minister might say that Ontario taxes are higher but it doesn't work out in actual fact - it doesn't work out in actual fact.

Mr. Speaker, what does the succession duty mean to the average family, third and fourth generations in the Province of Manitoba. And I want to read a little paragraph here -- The philosophy of the government of the day -- and I think it bears out in this little short paragraph and I want to read this quoting from the Minister of Finance, Page 433: "Only by implementing a succession duty and gift tax system can we be certain that at least some of our potential revenue can be offset. And again, more important that the standards of equity which we have strived to attain in the province's taxation structure can be preserved." What a fantastic statement, Mr. Speaker. What a fantastic statement! It makes you wonder, it makes you wonder for those of us who went to school and know what the word "equity" means. How can the Minister of Finance get up and say that he is preserving equity in the Province of Manitoba. I doubt very much if the people of the Province of Manitoba will believe the Minister of Finance if they read this paragraph in Hansard, Page 433. --(Interjection)-- If the honourable member keeps quiet over there I can make a better speech. I only ask him -- he's got the floor, Mr. Speaker, if he wants to make a speech. He hasn't said anything this session yet. It's about time he's getting up off his fanny and doing something --(Interjections) but I don't like interjections when I'm delivering a speech this time of the morning. -- (Interjections)--

And here's another great paragraph, Page 430. "And when that person dies and through his will transfers accumulated wealth to others, it becomes the responsibility of the government" - Mr. Speaker, I want to repeat that - "it becomes the responsibility of the government to ensure that this transfer, which really constitutes incomes to the recipients, does not place them in an unreasonably advantageous position relative to those members of society." And what, Mr. Speaker, does this Honourable Minister of Finance who is not here this morning, want to do? Does he want to draw the people with low incomes up to the high level? No, he doesn't. He wants to draw the people with the high incomes down to the bottom level and put everybody on welfare! That's the answer to this government -- that's their answer! Put everybody on welfare and then they can go and say: We'll give you all \$140 and tell the people to go home and be happy.

Mr. Speaker, that's not the answer to our society. The answer to our society is to give everybody the right to make the best living for themselves that they can make and for their families and not discourage them, not discourage them by having succession duties, by having high income tax and other high taxes that the people of the province just aren't going to live with. And why aren't they going to live with these taxes, Mr. Speaker? Because the easy answer, the easy answer to Bill No. 5 is to pack your bags, sell your property and go . . . 100 miles west. That's the answer to Bill No. 5 and if you think, Mr. Speaker, that the people aren't going to do this you better think again because this is really the answer to Bill No. 5.

Why should we have a succession duty in the Province of Manitoba. Ontario said they're going to phase theirs off. The Maritimes have half-a-million exemptions --(Interjection)-- half-a-million exemptions. Saskatchewan and Manitoba, the only two socialist governments in Canada today, have exemptions of \$200,000 maximum that's from husband to spouse. This is, Mr. Speaker, this is the answer to the problem. Why should the people of Manitoba be penalized by a tax bill that really isn't going to do anything for the Province of Manitoba? --

(MR. McKELLAR cont'd). . . . isn't going to. The Minister made great reference to the fact that only maybe one-in-a-thousand estates will be taxed and I can say that if there is only one-in-a-thousand and he says he isn't going to get very much tax out of this bill, why bother? Why bother?

Mr. Speaker, it's unbelievable to think that we in Manitoba who own property and I must make reference to that - who own property - are put in a different position under this Succession Duty Tax Bill than a person who has got bonds in the bank or money in the bank -- why should the man with the property be penalized? And I think the Honourable Member for Brandon West referred to that. If a man died in Alberta with a son in Manitoba and owned a farm in Manitoba, the son as beneficiary would have to pay tax on that property. But if the man had money and died in Alberta with a son in Manitoba, he could forward the money on as a beneficiary without tax. This is the explanation that I got in our meetings with Legislative Counsel. Now this is a penalty on a person who owns property and goodness knows we're penalized enough.

Last night the Minister made great reference to the fact that he is going to give a minimum of \$50, maximum \$140 to everyone who rents property, to everyone that rents property. I don't see anything wrong with renting property because everybody can't own property but the person who rents is in a different position than the man who owns property. The man who owns property is an established person and can't just pull out overnight and move to another province or move to another city. He's obligated by the debts of that community and has to accept those responsibilities but a man in a rented property is in a different light altogether, and when you treat the person with rented property the same as you do the man that owns property I think it's wrong and the man -- he's being discriminated against entirely. Manitoba, Manitobans have been proud, always proud, to own something of their own, to own something of their own and I think we're losing something when we treat them in a different light.

Mr. Speaker, we've heard so much about tax jungles. The Minister last night made much reference to tax jungles in the Province of Manitoba and for this very reason that we have a tax jungle now second to none by opposing gift tax, gift tax and succession duty tax, in the Province of Manitoba. It makes the tax jungle that much greater and I would say as many others have said in this debate that succession duty taxes or estate taxes should be only imposed at the federal level, they should never be imposed at the provincial level and I realize that Ontario, Quebec and British Columbia have had their succession duty taxes for many years within their own province but I think it would be far better if it was done at the federal level. This is a far better way of collecting taxes and relating them so that each one in Canada is treated the same. So the tax jungle gets greater, Mr. Speaker, the tax jungle gets greater and we're back to the point right now where I can see that each province is going to outbid each other from now on.

Now, Mr. Speaker, I don't want to carry on much longer because I know there's other members of the House here that's got something to say on this very important bill and we'll be having a lot more to say on it when we're dealing with it, clause by clause discussion in committee here, and at that time I think that we'll express ourselves on individual clauses -- and I think for that reason I'll take my seat and say once again that I object to a Provincial Succession Duty Tax being instituted in the Province of Manitoba. It's wrong and at a time when Manitoba -- we need investment money and all the assistance that we can get, I think we're discouraging that investment money that we so badly need. Thanks.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, I beg to move, seconded by the Honourable Member for Portage la Prairie, that debate be adjourned.

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

MR. SPEAKER: On the proposed motion of the Honourable Minister of Finance. The Honourable Member for Portage la Prairie.

MR. G. JOHNSTON: Mr. Speaker, could I have this matter stand?

MR. SPEAKER: (Agreed) The Honourable Minister of Labour.

MR. PAULLEY: Mr. Speaker, I beg to move, seconded by the Honourable the Minister for Agriculture, 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 Logan in the Chair.

COMMITTEE OF SUPPLY

MR. CHAIRMAN: The Honourable Minister of Labour. Resolution 83 . . .

MR. PAULLEY: If you don't mind, Mr. Chairman before we go into further consideration of the Estimates of the Department of Labour, may I indicate to the House that there has been a change in the order in which we will be considering the Estimates. I have discussed this with the Member for Morris who acted on behalf of the Official Opposition, and it is intended that following the consideration of Agriculture and Co-operatives that the Department of Mines, Resources and Environmental Management would take it under consideration at that time. You may recall, Mr. Chairman, at the offset we undertook to give to members of the House any change in the order and I announce that now.

MR. CHAIRMAN: Thank you. Before we proceed with Resolution 82, may I draw to the attention of the members that as of yesterday when we started under the new rules by dividing the number of departments left with the amount of time left, if we spend the time of four hours and 30 minutes on the 16 departments this will leave us two hours and 35 minutes for the business of Supply, including the main supplementary interim capital. So if that's agreeable with the committee that we spend four hours, approximately four hours and 30 minutes on the remaining departments, that is the calculation . . .

MR. JAMES H. BILTON (Swan River): That is agreeable to us on this side of the House.

MR. CHAIRMAN: The Honourable Member for La Verendrye.

MR. LEONARD A. BARKMAN (La Verendrye): Did I understand from the House Leader that other than the changing of the Mines and Natural Resources that the other departments would stay in the order announced previous.

MR. CHAIRMAN: The Honourable Minister of Labour.

MR. PAULLEY: At the present time, yet, Mr. Speaker, and if there are further changes then I would be glad to inform the members as quickly as possible for their -- so that they know where we stand.

MR. CHAIRMAN: Resolution 83 (a) . . . The Honourable Minister of Labour.

MR. PAULLEY: Mr. Chairman, I just want to clear up one or two questions that was asked of apprentices and in particular the electrical apprentices. The Honourable Member for Emerson devoted a fair amount of time to this matter and raised a few questions. I indicated just prior to the end of the session yesterday that the matter of consideration of the ratio of electrical apprentices had undergone a considerable amount of investigation. We did find in the investigation, or prior to the investigation, that there was no firm ratio in the electrical industry and that in some trades there was a ratio of two mechanics to one apprentice and it varied and it's also varied right across the Dominion. And it was felt that in order to assure that the indentured apprentice would receive a reasonable degree of training from a journeyman that the ratio would be better at two mechanics to one apprentice. I realize, Mr. Chairman, that when the ratio came into effect on the 1st of January, or the 3rd of January actually of this year that it did cause some concern and I admit that it did result in some who thought that they were indentures as apprentices being deprived of their position as indentured apprentices. I want honourable members to know that last April a shut-off date was made in effect and all in the industry were notified that no further applications would be accepted at that time pending the adoption of the new ratio and --(Interjection)-- well March, okay. Thanks for the correction, it gives me an extra month then. And they were so informed -- but a number of employers, employees too I suppose, notwithstanding that date of March -- registered or attempted to register within their own plants apprenticeship and were not given the approval by the registrar under the apprentice scheme and it was, generally speaking, in this particular area that caused the fervor that we've been faced with insofar as the ratio was concerned.

I don't think that it's necessary for me to say to the honourable member how important it is that a person in the electrical industry has full knowledgeability of the electrical trade. We require that in order to perform work an electrician must be licenced and pass an examination for the protection of citizens of Manitoba. And I appreciate as I say, Mr. Chairman, that there was some inconvenience to some people but the department was interested in establishing a ratio -- there hadn't been one before -- and on investigation in some instances we found that three or four apprentices were working with only one journeyman, and anyone who is working in the trade, I'm sure -- are knowledgeable of the operation of the

(MR. PAULLEY cont'd) trade would agree, I think in all fairness that one journeyman electrician cannot reasonably train four or five. It's not like school classrooms; this is a little bit different.

My honourable friend the Member for Emerson also raised another question dealing with the resolution 83, Mr. Chairman. He noted that there is a considerable increase of expenditure in Other Expenditures, being Item B of Resolution 83. I'm happy to announce that for the first time in the Province of Manitoba that the endeavours of many who are concerned in the apprentice trade or the apprentice field of endeavour, that for the first time in our history some allowances for board and keep are going to be awarded to the apprentices while undergoing their training. Efforts have been made over the past number of years to have some allowance made to the apprentices, without being achieved -- we are going to do it. Honourable members may be aware that under the Federal retraining programs or apprentice programs, there is some allowance made to apprentices after they have had three years in the trade and then left and go in for retraining, such was not the case. I want to pay a particular tribute to one Arni Bjornson, a representative of the carpenter trade who tried for a long time to get successive governments to agree to this and I'm sure that he will appreciate the endeavours of this government to make some provision.

MR. CHAIRMAN: The Honourable Member for Emerson.

MR. GABRIEL GIRARD (Emerson): Mr. Chairman, I want to first of all thank the Minister for his explanations on the increases in other areas. I also want to thank the Minister for his reasonableness in his presentation. It's a welcome change. May I suggest, Mr. Chairman, that last night's exposition was a little bit like the grouse that wants to detract attention from the nest and we're not quite prepared, Mr. Chairman, to be dissuaded quite that easily. I would like to pursue a little further the area of apprenticeship and how the rules are set, who makes the decisions and on what grounds.

I want to affirm, Mr. Chairman, that I do have the Atwell Report that he mentioned yesterday. I want to affirm, Mr. Chairman, that I have read the Atwell Report that he refers to, and I want to tell the Minister that if that is the only thing that he has had with reference to resource and information on which to base his decisions he's basing his decisions on not a great deal because by the very admission of Mr. Atwell in his report he suggests that one thing we don't know is how many certificated journeyman have we got in Manitoba. Those figures he says seem unavailable from any of us and they do not appear in the report from your department. How many certificated journeyman from Manitoba are working elsewhere? Do we have any information on that, Mr. Chairman? Do we have any information with regard to how many were unemployed for how long, Mr. Chairman? We do not have that, and I suggest to you that the Minister doesn't know either and yet he is prepared by Order-in-Council to make a law because just in case or I have been told or I have heard that -- I have been told, Mr. Chairman, that on the basis of the recommendations he did have, he seems to have somewhat bold.

I would like to also comment, Mr. Chairman, on the matter I raised yesterday, the matter of the meeting at which the decisions were made. During that meeting the proposition was raised by the representative of the Minister -- nobody else -- the member from Red River Community College abstained from voting and so it created an automatic deadlock, opened the gate and the Minister's decision went through. And I suggest, Mr. Chairman, that surely there must be a little more democratic way of doing things.

Now, another matter I find a little bit strange in this area is that we have Orders-in-Council that expand on the legislation that is in this province, and we do find that the Minister for some reason decides that by a decree of the Minister -- not by Order-in-Council -- he can change that law. He advised business organizations that they are not to employ or register or encourage more apprentices to come his way.

Now I'd like to read, Mr. Chairman, a letter that was written to one of the firms in Manitoba in this regard. The letter is dated March 17th. It says and I quote: "The report on ratio applicable to the apprenticeship program in the electrician construction trade in Manitoba prepared by Professor Atwell, School of Commerce, University of Manitoba, is now available. The Honourable A. R. Paulley, Minister of Labour, has asked me to send you a copy of this report and to advise you concerning his proposal at this time."

On March 12th, 1971, Mr. Paulley wrote to Mr. Joseph Wall, President of Electrical Contractors Association of Manitoba and suggested that the Association not take any new

(MR. GIRARD cont'd) apprentices pending the establishment of a ratio - and I quote Mr. Paulley's letter: "I would request that the members of the Electrical Contractor Association of Manitoba as of this time not take any new apprentices until the question of ratios in this trade is settled."

On March 12, 1971, Mr. John E. Pullen, Business Manager and Financial Secretary of Local 2085, International Brotherhood of Electrical Workers, was also notified by Mr. Paulley concerning this subject: "The enclosed copy of Professor Atwell's report is therefore made available for your perusal. Please give the report and Mr. Paulley's suggestion your earnest consideration." My suggestion is that it's a little strange for a Minister to ahead of the change of law -- the Order-in-Council was made official on January 3rd -- ahead of them, suggests to the enterprise you are advised not to and then this morning accused them of breaking the law, accused them of not being, not operating in good faith I suppose, because they did take on apprenticeships after he had written this letter.

A MEMBER: No, they did not.

MR. GIRARD: Now, Mr. Chairman, I feel that something is strange when Ministers can effectively change the laws that exist to suit their own whims. I'd like to ask a few more questions of the Minister and I want to assure him that I'm not always wondering and I don't think I'm wandering either. I would like to try and be somewhat specific. I wonder though if he would like to talk about his interviews with the counsel representing the electrical contractors and the kind of discussions that occurred at that time. I wonder, Mr. Chairman, if the Minister would be honest enough to acknowledge . . .

MR. CHAIRMAN: Order please.

MR. PAULLEY: Mr. Chairman, on a point of privilege. I don't mind the guck that the member is uttering at the present time but I in all due respect question as to whether he should be privileged to question my honesty.

MR. CHAIRMAN: The point is well taken, I was just going to . . .

MR. GIRARD: Mr. Chairman, I gladly retract. You know, it was a manner of speech rather than questioning your honesty, Sir -- I have enough judgment not to question your honesty. --(Interjection)-- Certainly, Mr. Chairman, I would certainly not consider his honesty in this at all, any kind of jeopardy -- it's his judgment that I would question.

I wonder if he would permit his judgment to tell us why he made the kind of proposition he made, why it is that the Order-in-Council was brought to Cabinet and changed. Is it because he thought that there were real unemployment problems with regards to this trade? Is it that he thought the work slow-down would create a surplus of qualified journeymen, or is it rather that on the request of the union that he would like to have the number of journeymen restricted in order to force an upward trend in the cost of that kind of service. And I also wonder, Mr. Chairman, if in his deliberations at any time did he consider those students who aspire to be electrical contractors, or is that unimportant to the Minister of Labour. I suggest that throughout the correspondence and throughout Mr. Atwell's report there is no thought in the least of the ambition that these young people have to become productive members of our society. As a matter of fact, one young gentleman to whom I have spoken recently was advised by a member of your department to look to some other trade, fellow -- you know, there's just no room here for you. You might as well have told him, look to some other province because here we're not prepared to accommodate you, and I think that that is shameful, Mr. Chairman. I really do think that is shameful.

I wonder, Mr. Chairman, if the Minister of Labour who should acknowledge a lack of experience or a lack of - if not experience at least resource material, a lack of information on the basis to which to make these decisions. I wonder if he was ever asked to set up some kind of enquiry into the matter, an enquiry that would be substantial to assess if nothing else the most important thing and that is the number of certified men, the number of jobs that will be available and the number of people of that calibre that is unemployed. Has that suggestion been made to him by the counsel representing the electrical contractors and if it has been made, Mr. Chairman, I wonder what his reaction was? Was it -- we are interested and we will -- or was it without saying the words, the decision's already made, fellow, don't bother me with these enquiries. --(Interjection)--

MR. CHAIRMAN: Order! The Honourable Member for Emerson.

MR. GIRARD: I predicted yesterday, Mr. Chairman, that the kind of restriction imposed in this area by the Minister will eventually lead to a shortage of qualified journeymen in

(MR. GIRARD cont'd) Manitoba, and at times when a large number might be required by some significant development that we will be importing journeymen from elsewhere and it would seem to me more reasonable to try and train our own.

I wonder, Mr. Chairman, if some of the statements that the Minister has allegedly made would kind of indicate his attitude in this matter. I think it is true that he is dissatisfied with the contributions made on the Advisory Council by the representative of the contractors and I think that he has at some time, maybe not publicly, but he has at some time at least, indicated this bitter disapproval of the kind of adamant stand they have taken. As a matter of fact, at one stage, I am told that they even walked out of the meeting.

Now the Council is made up of three union representatives and three members of the industry, representing management. What was the Minister's reaction, Mr. Chairman, when the three from the management area left the council? What was his reaction? Oh he says, "we'll change the legislation, we'll just change the legislation if that's necessary so that we might not have to have these three bothersome fellows on the council."

Now if that is the case, Mr. Chairman, I wonder if that tells us something about the attitude of the Minister with regard to what he would do and how impartial he happens to be.

MR. CHAIRMAN: . . . hear the honourable member speaking. Would the members please if they are going to have meetings - order please. If you are going to have meetings, I would suggest you conduct them out in the hall or in your caucus room, not in the Chamber.

MR. GIRARD: Mr. Chairman.

MR. CHAIRMAN: Order! The Honourable Member for Emerson.

MR. GIRARD: Mr. Chairman, contrary to the accusations of the Minister yesterday, I don't think that on this particular issue he is in a position to take away anybody's head. I think his temper tantrums were a sheer exposition and designed to take away the concentration on this issue that might exist. I think it might be the thought that in his sermon, if he hollers louder, he can cover up a weak point. But, Mr. Chairman, I don't think that that is quite so. The information that I have received - and I think I have received a considerable amount, I want to assure him I have read it - and it tells me that willy-nilly no matter who said what, the Minister's view was going to be made into law and so we have it today.

He speaks of ratios in other provinces, very slightly though, because generally speaking the ratio is one to one. There are exceptions both ways, but generally speaking, the ratio is a one to one. I would refer to him to the Atwell report in this matter, if he is puzzled as to whether the facts are right or not.

Go a little further, Mr. Chairman, and we can look at the courses that these apprentices are to take - and I suggest that Manitoba, in terms of time at least is quite considerable compared to other provinces. We are not going to spend too many hours on this particular issue I hope. I do want to let the Minister know that I am disappointed with his autocratic way of making these decisions and I would like one more question answered by the Minister.

I would just like him to tell me what am I going to advise the young fellow, the young man -- and I'll give you his name, by the way, Mr. Chairman, his name is John McDiarmid -- a young man who has had for some time the ambition of becoming an electrical contractor for many reasons. He has gone through his Grade 12 in order to prepare himself and now he finds there is no way he can take this particular course in Manitoba. I just wonder if it is because this young man doesn't happen to be a member of the union and he has not been recommended by a union to the Minister. I wonder, Mr. Chairman, if that has any bearing with regard to his acceptance or rejection? What should I advise that young gentleman? Should I advise him to go to another province or is there a chance for him in Manitoba?

MR. CHAIRMAN: The Honourable Minister of Labour.

MR. PAULLEY: You know, Mr. Chairman, I like to listen to my honourable friend because the more I listen to him, the more I am convinced that he knows nothing at all about the operation of industry. The more I listen to my honourable friend, the more I am convinced of his lack of understanding as to the purposes of apprentice training; the more I listen to him, the more I think that he, rather than I, should undertake some research into the whole purpose of apprenticeship training. The purpose of apprenticeship training is not specifically to provide jobs as such but to train people who would be qualified in a particular sphere of endeavour, and in this particular case, referring to electricians.

I want to tell my honourable friend as one who has been involved in apprentice training periods and activities longer than my honourable friend, I suppose, has even been gracing this

(MR. PAULLEY cont'd) earth, I am appreciative of the - you keep quiet - the more I understand his lack for . . .

MR. CHAIRMAN: Order! Carry on please.

MR. PAULLEY: . . . I am an ex apprentice and if the same thoughts of my honourable friend and his expressions of them this morning had been put into effect, we would not have had qualified mechanics in my particular trade, which happened to be the upholstering trade. If the same suggestions of my honourable friend in the electrical industry had been adopted, we wouldn't have had properly trained electricians in the Province of Manitoba. And this is the purpose of a ratio.

My friend, quite properly, refers to a meeting that was held in my office by the solicitor for the sub-contractors. As a matter of fact, in order to bring my honourable friend up-to-date of that particular gentleman, he came into my office bearing a twig which he said, "here is the peace branch. Would you please acquiesce and give in to me, because you are an old buddy of mine" but -- I think he accepted my explanation eventually, although my honourable friend is using it this morning -- that I was determined as the Minister of Labour to do whatever I could to have properly trained people in the Province of Manitoba in order to perform the services that are required by law: that they must show their qualification, they must be licensed and this is what my honourable friend forgets or overlooks.

Other trades have quotas of apprenticeship, apprentices to journeymen. I said at the offset in answer to the Member for Emerson that in the electrical trade there was no ratio - there was no ratio -- and it could conceivably be that some employers - thank the Lord they are not all the same - that some employers could attempt to have 5 or 6 or 7 or 8 apprentices at lower wages working with one journeyman. Some of these people I'm sure that my honourable friend has been in contact with, were people who attempted to do this, and I won't stand for it while I'm Minister of Labour.

But despite all what my honourable friend said, there is one thing that he says that I want to take grave exception to, and that was his reference, Mr. Chairman, to me or this government changing the law by Order-in-Council. This is utter nonsense because any of my honourable friends in this House who have had any opportunity, or taken the opportunity - and apparently the Member for Emerson has not - to even give superficial study to the law, knows that the government no matter what the government is, cannot change law by Order-in-Council.

There is provided in the Apprenticeship Act a provision for regulation and certain things that can be done by regulation. There is the establishment of an advisory board in the area of apprentice training, with equal representation from management and labour and with input of trained people in the field of apprentice training from the Department, and that was the board that gave me guidance in the establishing of an apprentice ratio. And my honourable friend is right, Mr. Chairman, when he says at one stage --(Interjection)-- of course, dead right - mentally, because he hasn't developed -- but, Mr. Chairman, he is right when he says that the representatives of the employer group walked out of an advisory board meeting; and he is right when he says that the Minister of Labour said well now look, if you are not going to fulfil the law and appoint representatives, if you think for one moment that by walking out of the advisory committee, which is a requirement of law, that you are going to stop the whole process and progress of the apprentices training, then I'll damn well change the law. That's the circumstance and that is why, that is why the solicitor came into my office bearing the olive branch, and I said to him --(Interjection)-- and he informs you correctly - I informed him that if this is going to be the attitude of the people he represents that they are going to try and prevent the fulfilment of the law, then we'll change the law so that they can't or don't have part in the deliberations.

That was the circumstance, and I suggest, Mr. Chairman, that I was perfectly correct. --(Interjection)-- No I am not . . . You were one of the lawmakers and some of the damn laws that you made when you were on this side of the House are the ones that we've got to overcome today.

Mr. Chairman, reference is made to the lack of consultation between management and labour in the observations of Mr. Atwell, Professor Atwell. I assure you, Sir, and the members of this committee that this document, this report from Mr. Atwell was after full study, as much as possible. Certainly there's deficiencies. I suggest the deficiencies of my honourable friend from Emerson are out of all proportion to any minimal deficiencies that there may be in this report.

MR. CHAIRMAN: The Honourable Member for Emerson.

MR. GIRARD: I would like to make very many more comments in rebuttal but I don't want to take up more time, but there is one question that I would like the Minister to enlighten me on. What am I going to advise this young fellow who has applied to enter the apprenticeship program?

MR. CHAIRMAN: The Honourable Minister of Labour.

MR. PAULLEY: I would suggest to my honourable friend if he gives that individual the same type of advice that he's attempting to give to the House, the fellow will be misled. -- (Interjection)-- What was that?

MR. CHAIRMAN: Order, please. The Honourable Minister of Labour.

MR. PAULLEY: You know, I think some people would be more knowledgeable in the field of how to operate a ranch than in the field of apprentice training. I say to my honourable friend, don't give him the same type of advice as you are trying to give here. You can advise him - or if you don't want to, I will - I will advise him that we have an apprentice ratio in the Province of Manitoba and if unfortunately he cannot qualify under that ratio then he will have to have some other employment. And he's not alone. He's not alone.

MR. GIRARD: Mr. Chairman, I wonder . . .

MR. CHAIRMAN: Order, please. The Honourable Member for Emerson.

MR. GIRARD: Which would be the best province I can direct him to then?

MR. PAULLEY: Pardon?

MR. GIRARD: Which would then be the best province I can direct him to in order to achieve what he really wants.

MR. PAULLEY: Possibly into the Conservative province of Ontario where the ratio is one apprentice to four journeymen.

MR. CHAIRMAN: (Resolution 83 was read and passed) Resolution 84 (a) -- The Honourable Member for Fort Rouge.

MRS. INEZ TRUEMAN (Fort Rouge): Mr. Chairman, it had not been my intention to speak on the Estimates of the Department of Labour. However, after listening to the Minister in introducing his Estimates and some of his rather disparaging remarks about the record of the Conservative Government, since that - for instance, he says that we merely paid lip service to the process of collective bargaining. But all this brought back to my mind the remarks that the Minister made when he first introduced his Estimates, at the first session of the present Legislature in August of 1969.

I was so impressed at that time - his were the first Estimates to be brought forward - and he stood up wreathed in smiles . . . glowing with sunshine to give a very favourable report about labour conditions in the province. So yesterday I looked up that records, Hansard of August 29, 1969, page 322 and I'd like to read it and remind the Minister how things really were in those days of Conservative Government. The Minister said "At the present time unemployment in Manitoba together with the two other prairie provinces is at the lowest in the country, below the arbitrary three percent full employment figure, and is lower even than it was at this time last year. And we all trust that it will continue to be so in the Province of Manitoba. Wages are advancing, though not as rapidly as some may wish. We will work to create an environment where continued increases in relation to other aspects will materialize. In this setting the industrial relations climate is excellent and we are taking steps on our part to have it stay this way." Mr. Chairman, that's how it was -- in 1969 when the Conservative Government handed the department to the Minister, Mr. Chairman, how sweet it was.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. JORGENSEN: Mr. Chairman, I hesitate to rise on this occasion after the verbal assault that was launched on this Chamber last night by the Minister. The howitzers that he threw up to the front lines and fired willy-nilly across the way, were really something to behold. I hope that my remarks will not be such as to provoke the Minister into another such assault. I want to raise with him a question that by comparison with that raised by my friend the Member from Emerson is rather tame. Sir, I know that it does not come under the jurisdiction of the Minister of Labour of the Province of Manitoba but it is a labour matter and I think that I should like to raise it at this time.

I want to say that at the outset I'm not particularly a hockey fan in this country but I speak for the many Canadians who are chagrined and frustrated at not being able to watch the hockey games on Saturday night over the CBC because of the strike that is going on with the Association of Electricians and Technicians, I know that it is a source of a great deal of

(MR. JORGENSEN cont'd) annoyance to a good many Canadians. However, there is always a brighter side and I'm going to take the brighter side of this situation because as I said earlier I am not particularly a keen hockey fan so it doesn't matter that much to me. But I would like to have the Minister, I wonder if the Minister would use his good offices to ensure that that strike continues, because since they have been on strike there has been a remarkably great improvement in the quality of the CBC programming. We have had in the past an endless parade under the name of "culture" inflicted upon Canadians; an endless parade of pimps, prostitutes, homosexuals, topless dancers, bottomless dancers.

MR. CHAIRMAN: I wonder if the honourable member could speak to the item under discussion. I don't see where the CBC is listed anywhere in the Estimates of the Department of Labour.

MR. JORGENSEN: I mentioned earlier and I qualify that by saying it came under the matter of labour relations. This is a labour matter, and I am simply attempting to point out to the Minister that in lieu of this endless parade -- and I've mentioned some of them I'll continue -- activists, communists, hippies and long-haired yippies, dope addicts and junkies. We now have a

MR. CHAIRMAN: The Honourable Member for St. Vital on a point of order?

MR. JAMES WALDING (St. Vital): Yes, Mr. Chairman. Would the honourable member identify the document from which he is reading.

MR. JORGENSEN: I can jot them all down on a piece of paper. I'd be happy to give it to my honourable friend in case he can't He can follow it in Hansard when the time comes. But I want to say that since that strike has been on these people have been unable to appear on the CBC on their cultural programs and we've been treated to a much higher quality of entertainment in culture. We have been able to listen to music that is pleasant, and indeed visitors coming to this country now are remarking about the high quality of the programming on the CBC, and I hope that that will continue for many years to come.

MR. CHAIRMAN: The Honourable Minister of Labour.

MR. PAULLEY: Mr. Chairman, the only comment I would make to my honourable friend, he knows full well that the CBC is under federal labour jurisdiction. I didn't want to interrupt on a point of order, the utterances of my honourable friend and I appreciated his remarks very well. I believe there are two or three representatives of the Conservative Party down at Ottawa and in all due respect I suggest that he should let them know the way he feels. And as far as shows are concerned, I'm sure the population of Manitoba if they only knew of some of the shows that my honourable friend participates in, these galleries would be constantly filled.

MR. CHAIRMAN: The Honourable Member for Lakeside.

MR. ENNS: Just briefly, Mr. Chairman. We have all recognized the contribution that the Minister of Labour has some time made in areas outside of his jurisdiction. I refer to a specific matter such as the strike, the prolonged strike in Flin Flon, which was also outside of his jurisdiction, and it was in that vein, Sir, that the Honourable Member for Morris felt himself completely in order to avail himself to the good offices of that great Manitoban, that great Minister of Labour to prevail upon his labour colleagues to perhaps prolong their holidays somewhat longer so that we may enjoy his Thank you.

MR. CHAIRMAN: Resolution 84 (a) --passed; (b) --passed. Resolution 84 The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, I wasn't in the House yesterday afternoon. I had to be absent and earlier on after the Minister had made his opening remarks I certainly extended the courtesy to my other colleagues to speak first and therefore have been unable to say anything so far on the Estimates under the Labour Department.

My remarks will be brief, Mr. Chairman, but it has to do with labour relations. I find when going out in rural Manitoba especially that businessmen will ask me, well what is the situation for the coming year in connection with the minimum wage -- are we to expect further increases or what is the situation? At this time I would like to know from the Minister what is the situation in connection with the minimum wage for the current year and also the fiscal year of a government. Is there any intention to increase the minimum wage at this time? I feel that business and especially smaller businesses should know well ahead of time as to what the situation may be because - the Member for Radisson asked what should it be. Well, you know the matter of minimum wage is a matter that is similar to what the Canadian

(MR. FROESE cont'd) Federation of Agriculture when it debates prices and so on. You have the western farmer versus the eastern feeder and so on and you have controversy and I think in most cases the western producer loses out because the votes are down east. I'm just wondering what the situation is in Manitoba as far as this government is concerned. Who wins out? It used to be that farm help was considered under the Minister of Agriculture's Estimates. I find nothing in the Estimates for that purpose and is the Labour Department completely in charge at the present time, is it all combined? Maybe the Minister could inform us on this matter.

Coming back to the minimum wage, I feel that business people in the province should have notice if such a thing is considered and this government being a socialist government that prides itself with planning and has so many various planning committees functioning, even in top level of government, that certainly they must have given consideration to this matter otherwise they wouldn't be true to form. Maybe the Minister could tell us just what they have in mind in this regard.

I was rather amused earlier this morning hearing the Member for Emerson speak in connection with labour, having taken on that position in the Conservative caucus. I'm just wondering whether in Manitoba the teachers are now joining labour, too, having a teacher representative speak for the cause of labour in the Conservative Party. Maybe he could at some time enlarge on that, too, because I'm very interested to hear from him.

Again coming back to the minimum wage, we find that there is a big squeeze as far as agriculture is concerned to absorb any increases. When we find that even larger farms, as we were told at Beausejour a 1200 acre farm having a net income of \$771.00. Certainly there is no room for increase in labour costs. If the government has any intention of increasing it, I would like to hear from the Minister as to what intentions they have of increasing the income of farms. We'll have agricultural Estimates next. I do hope that the Minister -- if the Labour Minister has nothing to say on that that the Minister of Agriculture will certainly provide us with some good answers as to how he can increase the income of farmers. But this doesn't necessarily only involve farmers. We have other industries such as clothing, the needle trades and so on, that these people are working on a very close margin too and they sure would like to know too if any increases are contemplated as to when and how soon they are going to take effect.

The sugar beet industry is -- for the information sake of the Honourable Member for Emerson, the sugar beet industry or the beet sugar industry is a very healthy one and we don't have to worry on that because that's one area where the government has not put their fingers in and which is still running at a good pace.

MR. CHAIRMAN: Order, please.

MR. FROESE: I think people should be free to involve in labour and do work. It's healthy for them and I think if the Member for Emerson thinks that young people should start off and go on welfare -- this is the way they should start off, then I think he's on the wrong track. Certainly I would give encouragement for young people to start off early in life and work and produce an income. Certainly this produces much better citizens and they'll learn sooner about what taxes do to the individual in Manitoba and what this government is up to. Thank you.

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

MR. WALDING: Mr. Chairman, I rose on a point of order a few minutes ago because I had reason to believe that the Member for Morris was quoting from a document and I have a document in front of me which would seem to be pertinent to the views of the Member for Morris. With your permission I'll read it into the record.

It appears on Legislative Assembly letterhead and it's addressed to Messrs. Harvard and Haslem of the CBC radio, and it reads: "Dear Sirs: I am not normally in the habit of writing to the news media and complaining about their activities mainly because most of them are free enterprisers and I do not have to contribute tax dollars to keep them in operation. They must listen to public opinion close enough to stay in business. The CBC suffers from no such restrictive inhibitions and in their wisdom the public is carefully fed periodic doses of Canadian culture. You have run the gambit of malice, communists and socialists. The viewing screen has been hidden by the unwashed beards of the hippies, the activists and the dope addicts. You have recently indulged in an orgy of breast feeding in your interviews with call girls, prostitutes, topless dancers and nude dancers. Apparently the Manitoba

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(MR. WALDING cont'd) Censor Board are too busy to watch your show or they would have banned it instead of the "Stewardesses". You have had alcoholics and criminals, lesbians and homosexuals and I keep coming back for more because I am determined that I am going to learn about this Canadian culture. I keep reminding myself that this is all in the interests of broad-minded -- and you two guys are the most broad-minded people I know -- research and self-enlightenment. I draw the line, however, when you have a Liberal on your show from Toronto yet who calls himself a Republican. It is no wonder that there is such a mess at Ottawa if he represents the thinking of the average Liberal MP. They obviously do not believe in a parliamentary system of government and are doing their level best to make sure that it does not work. As Joe Borowski would say, "His performance was obscene". And it's signed, Mr. Chairman, W. Jorgenson. I'd like to table this document.

MR. CHAIRMAN: The Honourable Member for

MR. cKENZIE: Mr. Chairman, I have a very few remarks to direct to the attention of the Minister. It's a case that he likely can refresh his memory with that happened last Armistice Day in the Town of Roblin whereby the local auction mart was given a permit to work that day and it involved several of the local members of the legion who wanted to take part in the Remembrance Day ceremony and of course their employment was such a nature that they were tied up on that particular occasion. I'm just wondering if the Minister has taken the matter under advisement or consideration and would hopefully take a look at that permit system on another year and see if he can't maybe change the regulations so that the matter wouldn't create the concern that it did on that particular occasion.

MR. CHAIRMAN: The Honourable Member for Pembina.

MR. GEORGE HENDERSON (Pembina): Mr. Chairman, since the Honourable Member from Rhineland brought up something about the minimum wage I think it should be that I should say something at this time, because while it seems rather critical to oppose the minimum wage at this time, because while it seems rather critical to oppose the minimum wage at a time when a person can get more on welfare or on unemployment than if he's getting the minimum wage, it seems very difficult. However, at the present time if they advance the minimum wage it has a way of hurting the farm people because all wages tend to go up if the minimum wage goes up. Businesses in Winnipeg may have a source of passing it on, but farm people have no place to pass it on to. They sell their produce on the world market -- this is what we're told we have to do. We're the only country in the world that doesn't subsidize the farmers and the growing of the grain.

Any increase in the minimum wage reflects also on the businessman in our community because they have to hire people in there, and to be competitive and to give good service they have to pay the type of wages that the help can get in Winnipeg. Then these people have to try and pass it on to the farmers who are short of cash. Now this makes it very difficult for them.

It's also very difficult for the farmers that are trying to hire help or maybe has a family and would like them to try and be home to help him. Maybe he really needs their help. In many cases, many of their wives are helping them out in the field and their boys are away working elsewhere. Now this gets the boys away to the city and I'm not saying that they'll be unemployed later. Chances are some of the city people will be unemployed because I believe myself that the farm boys are very welcome in the city and make very good employees.

So any increase at this time without something happening that's going to help the farmer is going to be nothing but detrimental to the farmer and I want the Minister of Labour to stand up and tell me how an increase in the minimum wage at this time is going to help the farmer. I really want him to tell me that and how it reflects on the people in the local towns in the country.

And don't forget that agriculture is our largest industry and that half of the population of the province is depending on it so just don't let the labour unions and these other people get the better of you and go crazy about it because labour unions today is getting too strong in this country. They're getting too strong and they're working to the detriment of the country, and I'm referring to farmers which are trying to sell grain and we have strikes like we had at Vancouver. What a time we've had trying to get markets; and then we have them and then our people out there won't even load the boats. And then we pay all these millions out in storage which is paid by the Canadian Wheat Board which in turn makes the farmer's cheque less and less, as well as demurrage charges which go on. And I just can't see how you people over there who are talking about being so good for the little man and you know that the farm people

(MR. HENDERSON cont'd) are having a hard time, I just want to know how you relate it that an increase in the minimum wage is going to help them. I think probably that's all that I'm going to say for now but I really want an answer in a direct way if you can without talking about great Manitobans and caring for everybody and all this stuff and if you just get down and say how it affects the farm fellows.

MR. CHAIRMAN: Resolution . . . The Honourable Member for Emerson.

MR. GIRARD: I wish to be very brief on this item. However, Mr. Chairman, I'd like to be as much to the point as I can. The Minister in introducing his Estimates gave us the number of strikes that have occurred in the Province of Manitoba and he said that there were 12 in '66 and 13 in '67 and 7 in '68 and 9 in '69 and 8 in '70 - '71. And at that stage I asked him how many man-days, how many man-days do these strikes represent and the Minister of Labour answered: "I'm very sorry, I don't have that information, but I'd be very glad to get it for you."

Now the insignificant Member from Emerson who had his head taken off last night, who has been called assinine and most other things, wishes to -- (Interjection) -- he wishes to inform the Minister that in his own report from his department on Page 25, you have that very information. And the information, and I will read it to you for fear that you might misinterpret it: "In 1966, we had 23,000 man-days of stoppage; in 1967, we had 14,000 man-days; in '68-'69 -- and he termed that the Conservative regime that was so black because there were so many strikes - a total of 7 I believe - there were 4,000 man-days; in 1969 - '70 -- that's when the progressives took over -- 28,000 man-days and we're really doing well with your government, Sir. Last year we had a grand total of 115,000 man-days which is more, if you total, more last year than the previous four years put together.

Now, just one other item, Mr. Chairman, in this regard, I think that the Minister, if his judgment allows him, will acknowledge that part of these strikes and maybe the two major ones that have occurred in Manitoba in '71, are caused because we have a number of unions representing a variety of groups that work for the same firm. I refer, Mr. Chairman, to the building trade for instance -- maybe not the same firm but the same industry. I refer you also to the Flin Flon strike with the trade union at the Hudson's Bay Mining and Smelting and I wonder, Mr. Chairman, if the Minister has looked at the possibility of somehow arriving at a solution to the problem where one trade union or one trade within the trades union, one trade only, can tie up the production turning hundreds, if not thousands of people out of work who are not related to that particular contract.

I think it would be high time, Mr. Chairman, that we look at the possibility of reducing the number of strikes -- strikes that are caused in a somewhat artificial way. They are tying up hundreds and thousands of people because of the multiplicity of different agreements that terminate or start at different times. I don't know whether the solution should be that we expect all contracts to begin and finish at the same time or is it that we expect all members that work at one installation to be covered by a master agreement of one union. I don't really know what the best solution would be but I suggest to the Minister that we ought to look at this area and come up with something better than what we've got. We are tired of the strikes that are being caused by minority groups.

MR. CHAIRMAN: The Honourable Minister of Labour.

MR. PAULLEY: I think, Mr. Chairman, I should briefly comment on some of the remarks that have been made. I'd like to have a further documentation from my honourable friend from Emerson. I'm sure that all engaged in industry would be appreciative if he would document the tirade that he just uttered. -- (Interjection) -- Yes, Page 25 -- if my honourable friend would use his ability, if he would use his intelligence, he would see that I did read these into the record last night. I'm quite knowledgeable of the figures there, but if they're not comprehensible to my honourable friend instead of wasting the time of more intelligent people I would be glad to take my honourable friend into my office and really give him an education.

The Honourable Member for Rhineland referred to minimum wages, indeed the Member for Pembina. I want to repeat what I said yesterday. I appreciate the Honourable Member for Rhineland has a great load on his shoulders in that he does try to keep up with everything that is going on and I compliment him for it. Had he have been here at the time yesterday when references were made to the minimum wage, Mr. Chairman, he would have known that I said that the Minimum Wage Board is sitting at the present time considering recommendations to be made and that they have had some public hearings particularly down in the southern quarters

(MR. PAULLEY cont'd) of the province -- and of course my honourable friend would not expect me to prejudge what their report or to contemplate any possible action that would be taken in respect of the minimum wage.

The Member for Pembina speaking of the plight of the farmer -- and I don't think that there has been a government in Manitoba previously that was more concerned with the plight of the farmer than is the present administration. And I appreciate and realize that the agricultural industry is in dire plight although lately it seems as though there has been some improvement in that situation.

But my Honourable friend, the Member for Pembina, used as an illustration of part of the trouble with the farmer the fact that the grain handlers had a strike out at the west coast and down at Thunder Bay as well and as a result the grain wasn't transported. I'm wondering whether the Honourable Member for Pembina would get after somebody else as well -- the person that controls the weather -- because as a result of the weather conditions over this past few months and the blockage of the railroad line between here and the west coast the grain has not moved to the same degree as we would hope it. So if he is condemning one for their activity, may I respectfully suggest that maybe we should have a closed-in railway line all the way from here to the west coast in order that weather conditions would not prevent the handling of the grain.

My friend, the Member for Roblin, and I don't see him around right now, Mr. Chairman, referred to the Remembrance Day Act and the situation that prevailed at Roblin where on Remembrance Day because of an agricultural auction sale some of the members of the Legion were not able to take part in the Remembrance Day services. There is an exclusion in the Minimum Wage Act, there is an exclusion in the Remembrance Day Act for agricultural workers. Now it could well be, it could well be that we should take into consideration whether or not the agricultural industry should be recognized on the same basis as all in respect of minimum wages and also in respect to the Remembrance Day provisions. And I want to assure my honourable friend from Roblin and all others in this House that there is no member in my opinion -- and I'm not trying to preach for a call -- who is more cognizant of the contribution made by the men and the women of this country in at least two general wars and also the Korean war.

Representations have been made to me as Minister of Labour to either abolish, to repeal the Remembrance Day Act, or to make it more loose than it is at the present time and thus far I've been able to convince those concerned that we should not do this. I believe, Mr. Chairman, that generally answers the questions that I figure require answers.

MR. CHAIRMAN: Resolution 84 (b)--passed. Resolution 84 in the amount of \$214,700 passed. Resolution 85 (a) and (b)--passed. Resolution 85 in the amount of \$151,100 passed. Resolution 86 (a) . . . The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, could we have an explanation from the Minister as to what kind of research is being carried on and what this money is going to be spent for?

MR. PAULLEY: Yes, there's constant research into the operation of industry in the province. We have a staff of five who work on the wage and salary survey so that industry and others have an indication of wage rates and conditions of work in the Province of Manitoba. It's a report that is used by employers and other interested parties and one in particular, the Manitoba Government Employees' Association, in considering comparative wage rates outside industry with that in the civil service. And other research includes studies of comparative labour legislation, collective bargaining trends in other jurisdictions -- international labour organization and the likes of that -- the labour force trends as I mentioned, wage and salary trends. A program in budget analysis within the department itself is a function, and the operation of a research library for public use and research and secretarial support for the Manitoba Labour Management Review Committee commonly known as the Woods Committee. These are the broad aspects of this and I might say too, Mr. Chairman, that now that we are going to be charged with the responsibility under the building code, the research department will be invaluable assistance to the Minister and the officials in that field as well.

MR. CHAIRMAN: Resolution 86 (b) . . . The Honourable Member for Emerson,

MR. GIRARD: Mr. Chairman. In regards to the research, we feel that although there is some research being done in your department, Sir, that the research is nowhere near what should be done in order to be helpful to the people of Manitoba that are in the labour force and those that aspire to enter into the labour force. We suggest that we could be providing our

(MR. GIRARD cont'd) potential members of the labour force especially with a great deal more of information. We could be making decisions in your department with a great deal more knowledge. I know the Honourable Minister likes to accuse others rather than look at himself in this respect, but we feel very seriously that we could do with a great deal more information in this kind of department. And we are so sympathetic with the Minister that we would be prepared to see his Estimates of this particular area almost doubled -- almost doubled, Mr. Chairman, with the hope that this department could effectively bring about the kind of research that will give Manitobans the kind of information that they rightfully deserve and should be getting from a Department of Labour. We don't look at the total budget with an increase. As a matter of fact our proposition is that the total budget remain relatively similar in total amount to the present budget, but I think that the allocations could much more effectively bring about an active and productive worthwhile labour department if the expenditures were channelled in a way to concentrate on the manner of research and provide Manitobans the information that they rightfully deserve, then and only then will we find the Department of Labour making well-informed decisions and they're not occurring now.

MR. CHAIRMAN: Resolution 86 (b)--passed, Resolution 86 in the amount of \$117,300 passed. Resolution 87 (a) . . . The Honourable Member for Brandon West.

MR. EDWARD MCGILL (Brandon West): Mr. Chairman, I use this Resolution 87 for lack of any more appropriate point in the Estimates to bring to the attention of the Minister a labour problem which has been brought to my attention from the City of Brandon, from employees of the Brandon Hospital for Mental Diseases.

I think the Minister has some awareness of this problem but I was certainly impressed with the protestations of the Minister in his opening remarks as to the necessity for the enforcement of regulations in respect to labour laws in Manitoba and his great hopes for the new Labour code that would be coming in that would add strength to the enforcement capability of his department.

Mr. Chairman, this problem has been brought to my attention and to the administrators, by the Nurses Aide Society, Nurses Aide Association of the Brandon Hospital for Mental Diseases, who point out in their position that they feel they are aggrieved by the fact that another group of employees in the Hospital is receiving higher wages for doing the same kind of work.

They refer to the nurses' attendants -- now, Mr. Chairman, it's commonly known I think by a group of people who are familiar with hospital work that nursing aides are traditionally of the female sex and nursing attendants are commonly male, so that this pattern -- while perhaps it is not intended by the department -- has been established and maintained over the past number of years. But I think it is accepted that nursing attendants do work with and do the same tasks as nursing aides and they start at a wage which is not attained by the nursing aides until they have been classified as Class 2 in their work. So we have a peculiar situation, Mr. Chairman, where the Government of Manitoba has enacted legislation, it's Chapter E 130 of the Statutes, an Act to Prevent Discrimination between the Sexes and the Payment of Wages for the Doing of Similar Work, and clause (3) (1) prohibits this kind of discrimination.

Now, Mr. Chairman, I know that the Minister has been looking at this problem for some weeks if not months, but the Nurses Aides are naturally very concerned at the lack of progress that's being indicated. They feel that as civil servants they should receive rather more rapid treatment of their difficulties and more rapid decisions being brought to bear on what they feel is a discriminatory situation between the sexes.

This government, this present government has been particularly active in this matter, has been producing legislation which tends to eliminate any kind of discrimination. I think the nursing aides at Brandon -- and this may affect other hospitals in Manitoba -- have been rather patient. They have been very anxious to give the Minister adequate time in which to inform them whether or not their positions are correct; or if they are not, why he feels that they are not right in their assertion that they are doing the same job as the nursing attendants. So Mr. Chairman, I think this is a situation in which the Department of Labour in dealing with it's own provincial employees should be a leader, and should be able at least to bring answers to the people concerned and to adjust the problem, if in fact they have a proper grievance. I'd be very pleased to hear the Minister's comment.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, before the Minister rises to address comments to the

MR. FROESE cont'd) Honourable Member for Brandon West, I wonder if the Minister could be a little more specific as to just what the functions are going to be of the Bureau and just the scope that this Bureau is going to have.

MR. CHAIRMAN: The Honourable Minister of Labour.

MR. PAULLEY: Yes, I would be glad to, Mr. Chairman, answer the matter of the questions raised by the Member for Rhineland -- but I appreciate very much the sentiments of the Honourable Member from Brandon West in his current concern for the people who are employed in the Brandon Hospital and this also applies may I say, Mr. Chairman, to the employees in the Selkirk Hospital and also in the hospital at Portage la Prairie.

Now, I trust my honourable friend will accept what I am going to say as being honest and sincere in an endeavour to have this matter resolved. It's not a question of black and white, Mr. Chairman. And he used the term in his opening remarks or used the word "traditional" -- and it is traditional, there is no question or doubt about it that those who are nurses aides have traditionally been female, nursing attendants have traditionally been males, and I have tried, I have tried to sort out the occupational involvement of both groups. Originally, the nursing attendant, and I guess the reason that traditionally it's an occupation of a male person is because it was construed they had to be a little more, have a little more strength to carry patients around, to lift them around, and I don't know whether they were a different breed of women originally that couldn't do this, and the male, but this is something that has been going on for years.

It's not something that has just happened overnight or happened since we became the government. This matter was raised, or drawn to my attention, just shortly after being appointed as the Minister of Labour, and we agreed to have an independent person make a survey or at least to attempt to give us some information in respect of this matter and on the basis of that survey, it was indicated that all nurses aides were not doing precisely the same work, as indeed all of the nursing attendants were not doing the same work, and it was basically a name rather than a function, and I can appreciate very much the concern of the particular people employed. During the last negotiations between the Manitoba Government Employees Association and the Administration, I believe the partial recognition was given by changing the wage groupings to give an additional boost increment to nurses aides in addition to the general application of a percentage increase and trying to level this off.

Now through the Management Committee of the government, we have been trying to resolve this situation, and I'm hopeful, Mr. Chairman, that we are near to a solution.

Now there are two or three solutions, there are two or three solutions, one could be just simply to say that nurses aides are performing exactly the same work as nursing attendants and therefore should qualify for the higher level of wages being paid, or salaries being paid to the nursing attendants. Now that's one way of doing it.

However, as I indicated all nurses aides are not performing functions that are attributable to patient care. It's a broad category and as I understand it, it takes in some janitorial or caretaking functions, as well as aid for the benefit of the patient, and we are trying to sort this out. It's been a difficult job as I say, as the president of the joint council the association set up for consultation between the employees association and the government, I have tried to resolve this satisfactorily so I say one way is to simply recognize that there is no difference really between nursing attendants and nurses aides taking a whole group but that isn't really the solution in my opinion.

The solution is trying to sort out similar functions so that they receive similar pay, and I agree with my honourable friend that if they are performing essentially the same work, male and female, there should be no discrimination between the two. There's no question of doubt about that, but as he said it has been tradition.

Another solution that we could do, or suggest, would be that we should take a dozen or two nurses aides and just make them nursing attendants, because, Mr. Chairman, I find that there is no basic violation of the law itself because there is no classification which says male on one hand and female on the other, but it's only been done by tradition, and I imagine it was traditional with the Liberal regime prior to the Conservative regime, and I don't know how many have been hired since we became the government. I can assure my honourable friend, Mr. Chairman, that this has been drawn to the attention of the hiring personnel to get away from that tradition and if any female, if there's a vacancy in the so-called category of nursing attendants until we have a new classification, I want them to make sure that there is no carrying on of the old traditional. So I think, Mr. Chairman, that's about all I can say at the

(MR. PAULLEY cont'd) present time to my honourable friend. As I say I'm hopeful, I'm hopeful that within a very short period of time, that we will be able to have this resolved in a practical acceptable manner. I appreciate very very much that the employees concerned are apprehensive of the time element that it's taken to consider this.

I guess I could say, however, with justification that it's not a new problem and that endeavours were made in every wage negotiation over the past number of years to have the government of the day resolve this. We at least are trying to make an effort to have the matter resolved and as I indicate, Mr. Chairman, I'm hopeful because I sincerely believe in the principle of equal pay for equal or similar work. It's hard when you have such a classification that carry so many different functions within that one classification to apply the principles of equal pay for equal work.

The Honourable Member for Rhineland raised a question as to the function of the Women's Bureau, and by jiminy Christmas, just talking of this I might be running afoul of the Human Rights Act, too, Mr. Chairman, in suggesting that there should be such a thing as a Women's Bureau. I guess maybe the only way in which I might be able to overcome this is to make the Director of a Women's Bureau a male and then there can't be any discrimination at all. However, at the offset however, Mr. Chairman, may I say to the Honourable Member for Rhineland, the primary responsibilities will be to consult with individual groups, voluntary agencies, unions and employer organizations, and other government bodies on the special problems and concerns of women related to their participation in the work force. To develop and provide a range of advisory services for women, whether they are already employed, intending to re-enter the work force, or planning to seek employment for the first time.

And one of the functions of the director of the Women's Bureau will be to promote the concept of equal opportunity and employment for women and to distribute and publicize information relating to the rights women have under the provinces's labour legislation and to all other aspects of women's employment. And to carry out these functions it will be the responsibility of the Bureau to engage in meeting seminar conferences regarding the problems, role and status of women in the Province of Manitoba.

Mr. Chairman, honourable members will know that there was a committee set up at the federal level on the status of women, we have the report, and in due course I will be revealing to the Assembly in our new proposed labour legislation the degree of acceptance of many of the major recommendations of the report of the Committee on the Status of Women.

That, Mr. Chairman, to my honourable friend the Member for Rhineland is the broad objective within the Women's Bureau in the Department of Labour.

MR. CHAIRMAN: Resolution 87, (a)--passed; (b)--passed. The Honourable Member for Brandon West.

MR. MCGILL: I would like to thank the Minister for his explanations. He prefaced his remarks by expressing the hope that I would take what he was about to say as being honest and sincere. This suggests that there was some other way to take the Minister's remarks. I hadn't thought of any other way, but, Mr. Chairman, I feel that what the Minister has said in his 15 minute explanation is really that he has a very difficult job and I think we're lucky to have a man of his ability to face those problems. He suggest, too, that this is not just a black and white situation and I didn't really for a minute suggest it was, Mr. Chairman; it's a male and female situation. In the course of his remarks I took him to say that it hadn't been established that nurses aides and nurses attendants were doing the same job and that it was inferred that this was not a correct assessment of the situation.

Now if my interpretation of your remarks, Sir, is correct then have the Nursing Aides Association in Brandon been informed of this decision? Because while they realize that you have a problem, they nevertheless are expecting that the Department of Labour will find an answer to the problem and I think they are entitled to expect that they will get a reply to their letter and that they will be told that either they have a true case or that they are in error; that either they should be protected under the Statutes of Manitoba in a situation which they believe indicates discrimination between the sexes or that they are mistaken in their positions and that they should therefore withdraw their plea. Now, Mr. Chairman, I feel that the Minister should now perhaps indicate what action is open to the Nursing Aide Association. Are they being asked by the department to merely wait? Are they being asked to withdraw their plea or are they being asked to proceed in some other way in order to obtain an answer from the department?

MR. CHAIRMAN: The Honourable Minister of Labour.

MR. PAULLEY: I'd like to answer my honourable friend, Mr. Chairman. I did indicate to the honourable member that this has been a matter that has been before Joint Council which is an Association set up, and I credit the former administration for setting it up and the late Maitland Steinkopf was the principal originator of the plan, whereby once a month -- as a matter of fact today at 12:30 will be the meeting of Joint Council between the Employees Association and Management as represented by three of the Ministers to consider these problems. This basically is a matter under the collective agreement between the Manitoba Government Employees Association and government. It has been freely discussed at practically speaking every one of our Joint Council meetings. It's been on the agenda and I have been explaining to them what is going on. They have been reasonable in accepting what we were trying to do and hopeful, of course, that on behalf of their group of employees, the Nurses Aide Association, that the problem will soon be resolved.

I think, Mr. Chairman, that I have indicated this by letter to the people who forwarded to me a petition. There was a petition forwarded to me, I just don't recall offhand the full number of people, that is in total number, but I did reply, if memory serves me correctly, and I'll be glad to attempt to verify this with my honourable friend in our correspondence. I am under the impression that I indicated that this was an ongoing consideration and we are hopeful of a solution. I haven't ignored them, it's not my policy; it's not the policy of the government to ignore people when they petition. But I would be glad to open my files to the scrutiny of the Honourable Member for Brandon West. I want to assure him and assure all concerned that we do have a collective agreement in the Province of Manitoba which covers all employees within certain categories including the nurses aides, and I think that it's only proper that the major thrust of the investigation should be through that organization.

MR. CHAIRMAN: Resolution 87 (b) . . . The Honourable Member for Portage la Prairie.

MR. G. JOHNSTON: Mr. Chairman. I thank both the Member for Brandon and the Minister of Labour for their review of this subject, that is the question of equal pay for sexes doing similar work. Now similar to the Member for Brandon I also have a large institution in my constituency and I know for a fact through discussion and letters that while the agreement has been signed there's a great deal of discontent amongst the nurses aides. They feel they are doing the same work exactly, they're working alongside the male attendants, and while I sympathize with the Minister, I'm sure I can't take his sympathy and his problems back to those people who have asked me to also bring this concern forward.

I would like to read a short letter into the record from one of the nurses aides in Portage la Prairie. --(Interjection)-- Yes, I will table it with the hope that because it is signed that it won't be of an embarrassment to the person who has written the letter.
-- (Interjection) -- Thank you.

"Dear Mr. Johnston, I wonder if you could take the time to answer a few questions. I work at the Manitoba School and I would like to know why the attendants get six increments and the nurses aides only get five. Also the attendants receive twice as much money as us and only do half as much work." Now this may be not quite in accord with the facts but I'm sure that the grievance is genuine and the person speaks from the heart. "I thank you for your time. Could you please let me know as soon as possible the answers."

Mr. Chairman, there's no way I can take the answers back to this lady, that I received from my dear friend the Minister of Labour. So perhaps he will perhaps speed up the process by which he's trying to resolve this problem. He also touched on the fact that there could be a violation of the Human Rights Act here. For example, has the Minister sent out a memo to correct the long-standing practice which I understand is that an attendant's job is only for males? Has he sent out a memo saying that women are entitled to apply for that position as well as for nurses aides position? Because this will continue the injustice if nothing is done. If the status quo stays the same that the administrators and the directors of these institutions will only entertain male applications for attendants jobs this is clearly a violation of the Human Rights Act.

While I'm on my feet, Mr. Chairman. I would like to return again to a subject that I brought to the Minister's attention in the past, and that is the question of equal pay for what are called custodians of the institutions. I'm talking now about the Women's Jail and the Men's Institution at Headingley and like institutions around the province. Last year I believe

(MR. G. JOHNSTON cont'd) the Minister gave the undertaking that he was trying to bring about equal pay for the same work performed in these institutions by men and by women. Last year there was a difference of over 20 percent in the pay scale and I would ask the Minister what has been done in that regard also.

MR. CHAIRMAN: The Honourable Minister of Labour.

MR. PAULLEY: May I answer the first question of my honourable friend first, has there been a directive issued that the traditional practice should be changed? I might say, Mr. Chairman, we have been in very close consultation with the Department of Health and that is the hiring agency basically for personnel in hospitals and they have been given in no uncertain terms that this -- (Interjection) -- no, I'm not passing the buck -- but they have been informed of what has been done and the involvement will be on the basis of the ability to perform the job regardless of whether the person happens to be male or female. So at least that has been done. I think that answers my honourable friend's question as far as that is concerned.

The other matter raised by my honourable friend, he raised it last year and I gave an undertaking at that time that I would check into the same which I have done. I received a letter from a lady concerned; I don't think it would be proper for me to disclose her actual occupation or classification at Portage la Prairie. I checked into the matter thoroughly; I investigated into the Equal Pay Act and I find that while the designation of the classification is the same, the Equal Pay Act does not apply to classifications generally in every place, but in the same establishment. The Equal Pay Act says that "where work is being performed by male and female substantially the same equal pay if it is in the same establishment". I informed the party who wrote to me accordingly, Mr. Chairman, oh some month or two ago; I have heard no further in respect of that. But the Act does provide that the equal pay for equal work is in the same establishment, and as my honourable friend points out there was a difference in the Women's Jail as against, I presume, Headingley.

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

MR. G. JOHNSTON: Just a clarification from the Minister, Mr. Chairman. When he uses the term "the same establishment", is he talking about the same department or the same building, because it seems to me if he means they are in different buildings that's hair splitting in my opinion. The establishment can be the department. Surely we can't have every correctional institution under one roof in this province.

MR. PAULLEY: No, Mr. Chairman, it has been leagly interpreted in the Equal Pay Act. Basically it means working side by side in the same establishment being a building as such.

MR. CHAIRMAN: (Resolution 87 was read and passed). Resolution 88 (a) The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Chairman, under National Building Code \$110,000, I'm sure that the Minister recollects that on a couple of occasions. I believe, two different years, I proposed to the House a resolution that the government establish a National Building Code and I'm glad to see that it's in the Estimates. But my question to the Minister is what is actually intended with the \$110,000 and how will it be administered? Will he have inspectors in the Province of Manitoba in different areas or just in the City of Winnipeg, and to what extent the inspection will be carried out. I agree that we need some clarification of this item in the Estimates. I know that there has been a multiplicity of building bylaws throughout the whole province; every municipality had its own and what we're talking about is very minimum standards and in many areas, many communities and towns will be able to have variations to the National Building Code because changes can be made. I know that in Northern Manitoba naturally the same building code cannot apply as to parts of the cities or southern Manitoba.

My other point is that I hope that National Building Code, or the inspectors will also equally apply themselves to the fact that some provisions must be made that handicapped people will have the same opportunity, will not be denied an opportunity to say attend churches or participate in social and recreational activities in certain public places because they are in a wheelchair. I think this is very important. Handicapped people want to be independent as anyone else and in this province, I think that we are much further behind because the bylaw that was finally accepted at much urging and pushing by the Canadian Paraphlegic Association and other societies for crippled children and adults, finally a year ago the Winnipeg Metropolitan Corporation has accepted a bylaw to have -- (Interjection) -- yes they did.

(MR. PATRICK cont'd) supplement No. 5 has been passed which does not apply to all buildings but which is very minimum. And what I am saying to the government, under the federal legislation you must make provision for the handicapped people. I do not understand anywhere that there is the same requirement of the Provincial Government. I know that they'll make provisions in schools and such but, -- (Interjection) -- yes that's true, but what about such institutions as say hospitals and I think we make it on a very limited basis -- schools and perhaps some other areas -- but not to the extent that we should.

I know that it is mandatory in buildings constructed by the Federal Government I see no reason why it shouldn't be mandatory in public buildings that are constructed by the Provincial Government. And as well, I think that there should be a requirement on certain large buildings like the Winnipeg Inn or the Northstar Inn where there are drug stores in there, where there's small clinics in there, so there should be facilities made for people to be able to have access to these facilities.

I know even in the Centennial Concert Hall, even the Richardson Centre that there had to be communication with the organizations I'm talking about and the architects before provisions were made, but when you go to the Planetarium there are no provisions and it's a public building, public money was spent, and at the present time when you have one out of seven people in the province or in this country that have some form of handicap, I think it's most unfortunate that we still spend a tremendous amount of money but do not make provisions for these people. So I would hope that the Minister would give us some idea what and how this department or this part of the department will work, do the inspections and to what extent they'll involve themselves as far as the architectural barriers are concerned in respect to the handicapped people.

MR. CHAIRMAN: It's now 12:30 and I'm leaving the Chair. Before I leave the Chair might I remind the committee that the department under consideration that we have spent three hours and five minutes. This department in conjunction with the Department of Civil Service, there's a total of four hours and thirty minutes to be spent. At approximately 4 o'clock this afternoon the time will have expired. I'm leaving the Chair to return at 2:30.

APPENDICES

- APPENDIX A - FINANCIAL STATISTICS
- APPENDIX B - ECONOMIC STATISTICS
- APPENDIX C - DETAILS OF TOBACCO TAX CHANGES AND
EDUCATION PROPERTY TAX CREDIT PLAN
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FEDERAL-PROVINCIAL MINISTERIAL
CONFERENCES

APPENDIX A - FINANCIAL STATISTICS

EXPENDITURE ESTIMATES - FISCAL 1971 and 1972

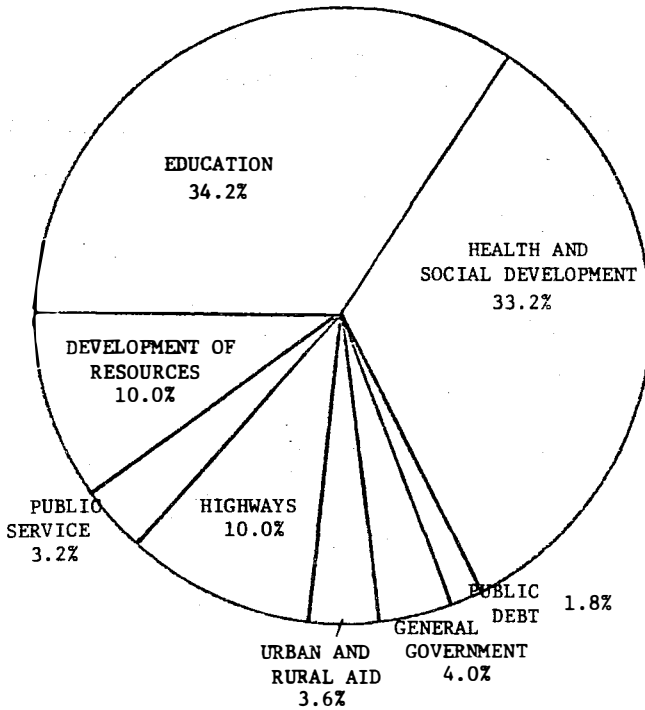
		<u>Fiscal 1971</u>	<u>Fiscal 1972</u>
		(Millions of Dollars)	
1. Education		\$181.1(35.1%)	\$197.0(34.2%)
(a) Education	\$116,071,300	\$129,479,000	
(b) Colleges and Universities Affairs	<u>64,988,200</u>	<u>67,566,700</u>	
	\$181,059,500	\$197,045,700	
2. Health and Social Development		164.9(31.9%)	191.3(33.2%)
3. Development of Resources (including pollution control)		52.7(10.2%)	57.4(10.0%)
(a) Agriculture	\$ 12,607,000	\$ 16,262,900	
(b) Industry and Commerce	5,320,400	5,054,500	
(c) Mines, Resources and Environmental Management	27,066,000	26,173,400	
(d) Tourism, Recreation and Cultural Affairs	7,525,700	9,084,600	
(e) Flood Control and Emergency Expenditures	200,000	100,000	
(f) Special ARDA Agreement	<u>—</u>	<u>700,000</u>	
	\$ 52,719,100	\$ 57,375,400	
4. Public Services (including protection of people)		14.5(2.8%)	18.4(3.2%)
(a) Commissioner of Northern Affairs	\$ 1,896,700	\$ 2,411,000	
(b) Consumer, Corporate and Internal Services	1,173,700	1,763,300	
(c) Attorney-General	9,567,400	11,682,100	
(d) Co-operative Development	361,800	586,900	
(e) Labour	<u>1,544,300</u>	<u>1,955,000</u>	
	\$ 14,543,900	\$ 18,398,300	
5. Highways		52.0(10.1%)	57.5(10.0%)
6. Urban and Rural Aid			
(a) Municipal Affairs	\$ 21,684,800	\$ 19,248,900	24.5(4.7%)
(b) Urban Affairs	<u>2,783,600</u>	<u>1,751,800</u>	21.0(3.6%)
	\$ 24,468,400	\$ 21,000,700	
7. General Government		17.5(3.4%)	23.1(4.0%)
(a) Legislation	\$ 1,497,500	\$ 1,910,400	
(b) Executive Council	2,516,000	2,917,000	
(c) Finance (excluding Public Debt)	3,293,400	3,685,700	
(d) Public Works	7,878,500	10,605,300	
(e) Civil Service	<u>2,282,600</u>	<u>4,030,000</u>	
	\$ 17,468,000	\$ 23,148,400	
8. Public Debt		<u>9.4(1.8%)</u>	<u>10.1(1.8%)</u>
		<u>\$516.6(100.0%)</u>	<u>\$575.8(100.0%)</u>

REVENUE ESTIMATES - FISCAL 1971 and 1972

	<u>Fiscal 1971</u>		<u>Fiscal 1972</u>	
	(Millions of Dollars)			
1. Income Taxes, Share of Federal Estate				
Tax and Provincial Succession Duty and Gift Tax			\$156.4(30.3%)	\$184.1(32.1%)
(a) Individual Income Tax	\$121,543,000	\$141,515,900		
(b) Corporation Income Tax	30,579,000	38,583,600		
(c) Estate Tax	4,300,000	---		
(d) Provincial Succession Duty and Gift Tax	---	4,000,000		
	<u>\$156,422,000</u>	<u>\$184,099,500</u>		
2. National Equalization			49.3(9.5%)	58.5(10.2%)
3. Other Taxes, Fees, etc.			140.9(27.2%)	166.6(29.1%)
(a) Legislation	\$ 195,000	\$ 224,000		
(b) Attorney-General (less Liquor Commission)	4,076,000	4,510,000		
(c) Colleges and Universities Affairs	786,500	855,700		
(d) Consumer, Corporate and Internal Services	678,600	755,900		
(e) Co-operative Development	65,000	68,000		
(f) Education	121,000	75,700		
(g) Finance (less a,b(11),b(12), b(13),b(14),b(15),d and e)	134,214,400(1)	159,204,300(1)		
(h) Health and Social Development	301,000	370,000		
(i) Highways (less b,c, and d)	1,100	1,000		
(j) Labour	340,000	330,000		
(k) Municipal Affairs	21,400	21,600		
(l) Public Works	<u>70,000</u>	<u>198,500</u>		
	\$140,870,000	\$166,614,700		
4. Natural Resources			12.3(2.4%)	10.5(1.8%)
(a) Agriculture	\$ 103,300	\$ 118,300		
(b) Finance (b(11),b(12), b(13), and b(15))	5,265,000	3,475,001		
(c) Mines, Resources and Environmental Management	5,878,230	5,799,100		
(d) Tourism, Recreation and Cultural Affairs	<u>1,071,300</u>	<u>1,107,100</u>		
	\$ 12,317,830	\$ 10,499,501		
5. Government Enterprises (Liquor Commission)			31.1(6.0%)	36.1(6.3%)
6. Motor Vehicle Fees			15.8(3.1%)	16.4(2.9%)
7. Shared-Cost Receipts			88.5(17.1%)	91.2(15.9%)
8. Miscellaneous Receipts for Sundry Services			3.5(0.7%)	4.9(0.9%)
9. Transfer of Revenue Account Surplus			19.3(3.7%)	4.8(0.8%)
			<u>\$517.1(100.0%)</u>	<u>\$573.1(100.0%)</u>

Note (1) - Includes Revenue Tax

ESTIMATED EXPENDITURES - FISCAL 1972 (Revenue Division)

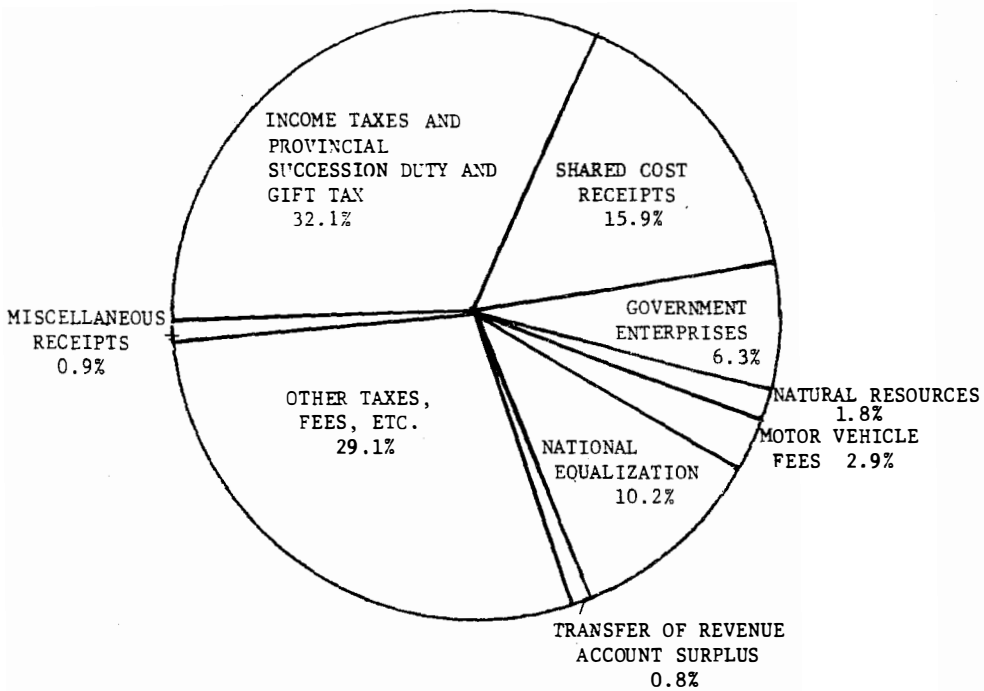


(Millions of Dollars)

Education	\$197.0
Health and Social Development	191.3
Development of Resources	57.4
Public Services	18.4
Highways	57.5
Urban and Rural Aid	21.0
General Government	23.1
Public Debt	10.1

TOTAL \$575.8

ESTIMATED REVENUES - FISCAL 1972 (Revenue Division)

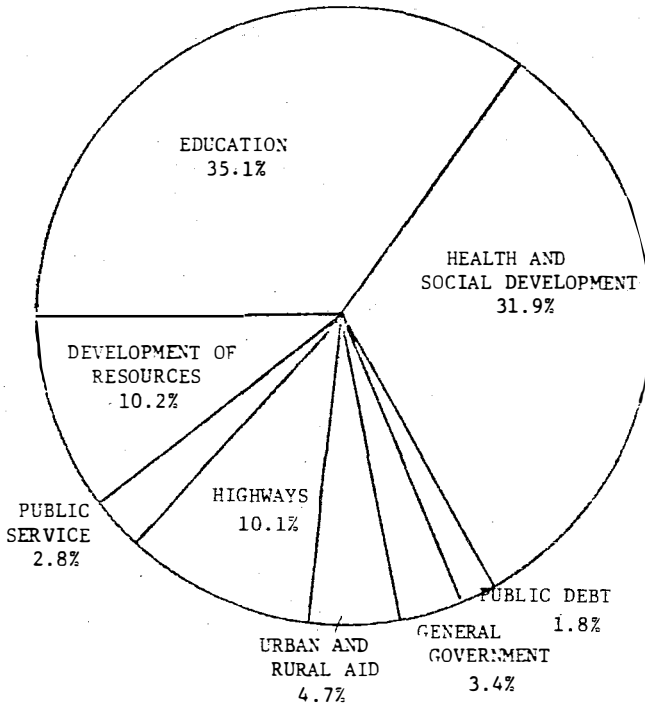


(Millions of Dollars)

Income Taxes and Provincial Succession Duty and Gift Tax	\$184.1
National Equalization	58.5
Other Taxes, Fees, etc.	166.6
Natural Resources	10.5
Government Enterprises (Liquor Commission)	36.1
Motor Vehicle Fees	16.4
Shared-Cost Receipts	91.2
Miscellaneous Receipts for Sundry Services	4.9
Transfer of Revenue Account Surplus	4.8

TOTAL \$573.1

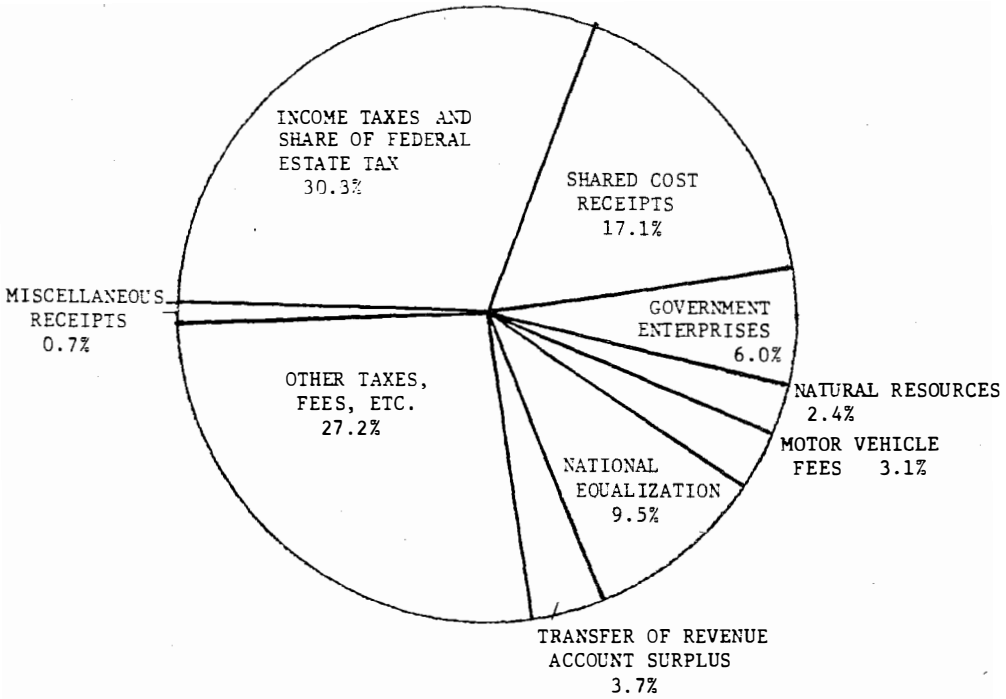
ESTIMATED EXPENDITURES - FISCAL 1971 (Revenue Division)



(Millions of Dollars)

Education	\$181.1
Health and Social Development	164.9
Development of Resources	52.7
Public Services	14.5
Highways	52.0
Urban and Rural Aid	24.5
General Government	17.5
Public Debt	9.4
TOTAL	\$516.6

ESTIMATED REVENUES - FISCAL 1971 (Revenue Division)



(Millions of Dollars)

Income Taxes and Share of Federal Estate Tax	\$156.4
National Equalization	49.3
Other Taxes, Fees, etc.	140.9
Natural Resources	12.3
Government Enterprises (Liquor Commission)	31.1
Motor Vehicle Fees	15.8
Shared Cost Receipts	88.5
Miscellaneous Receipts for Sundry Services	3.5
Transfer of That Portion of Excess of 1970-71	
Revenue Over Expenditures	19.3

TOTAL \$517.1

CAPITAL REQUIREMENTS - 1972/73Schedule "A"

The Manitoba Hydro-Electric Board		\$150,000,000
The Manitoba Telephone System		19,500,000
The Manitoba Water Supply Board		2,376,000
The Manitoba Agricultural Credit Corporation		8,000,000
The Manitoba School Capital Financing Authority		10,000,000
The Manitoba Housing and Renewal Corporation		55,000,000
The Manitoba Development Corporation		40,500,000
The Community Economic Development Fund		
(a) for Direct Loans	\$ 1,000,000	
(b) for Bank Guarantees	<u>1,000,000</u>	2,000,000
The Leaf Rapids Corporation		<u>5,000,000</u>
		<u>\$292,376,000</u>

Schedule "B"

Federal-Provincial Employment Loans Program		
City of Winnipeg	\$ 2,050,000	
Rural Municipality of Ritchot	196,600	
Rural Municipality of Springfield	<u>175,000</u>	\$ 2,421,600
The Pas Special Area Agreement		2,000,000
Brandon Special Agreement		500,000
Agricultural Service Centres Agreement		<u>3,800,000</u>
		<u>\$ 8,721,600</u>

Schedule "C"

Community Colleges	\$ 333,200	
Frontier School Division	4,173,300	
Universities	<u>13,738,000</u>	\$ 18,244,500
Frontier and Resource Roads		10,000,000
Churchill Townsite Redevelopment		11,850,000
Parks Furniture Plant - FRED Manpower		150,000
Grants re Municipal Sewer and Water Systems		1,124,000
Winter Works and Emergency Programs		6,000,000
General Purposes		<u>45,000,000</u>
		<u>\$ 92,368,500</u>
		<u>\$393,466,100</u>

SUMMARIZED STATEMENT OF DIRECT PUBLIC DEBT AS OF MARCH 31, 1971

Funded Debt:			
Bonds and Debentures:			
Payable in Canadian Dollars.....		\$290,350,711	
Payable in United States Dollars.....		175,000,000	
Payable in European Units of Account (Canadian Dollar Value).....		<u>27,936,938</u>	\$493,287,649
Treasury Bills — payable in Canadian Dollars.....			<u>40,266,959</u>
			533,554,608
Unfunded Debt:			
Accrued Interest and Other Charges.....		14,941,414	
Accounts Payable.....		1,613,564	
Special Funds.....		<u>47,421,432</u>	63,976,410
Total Direct Public Debt.....			<u>\$597,531,018</u>
The Province considers the following assets to be proper deductions in arriving at Net Direct Public Debt:			
Sinking Funds — Cash and Investments.....		70,420,123	
Special Reserve for Retirement of Debt.....		21,634,322	
Cash on hand and in Banks — net.....		14,013,338	
Temporary and Other Investments.....		52,691,800	
Advances to Manitoba Hydro.....	\$198,554,431		
Less Premiums on U.S. Funds.....	<u>10,040,431</u>		
	\$188,514,000		
Less Sinking Funds included above.....	<u>11,954,661</u>	176,559,339	
Advances to Manitoba Telephones.....	55,200,000		
Less Sinking Funds included above.....	<u>8,229,425</u>	46,970,575	
Advances to Manitoba Development Corporation.....		118,487,500	
(See Note Below)			
Advances to Manitoba Agricultural Credit Corporation.....		41,495,075	
Advances to Municipalities.....		13,119,792	
Advances made from Revenue Division.....		3,720,000	
Other — Net.....		<u>11,395,556</u>	570,507,420
Net Direct Public Debt.....			<u>\$ 27,023,598</u>
Net Direct Public Debt Per Capita.....			<u>\$ 27.40</u>

NOTE: The Financial statement of Manitoba Development Corporation shows a deficit on operations of \$8,983,970 as at March 31, 1971. The auditor's report indicates that the valuation of assets of the Corporation at this date does not include any provision for principal losses which might arise from loans relating to The Pas complex.

DIRECT FUNDED DEBT COMPARISON

	<u>December 31,</u> 1970	<u>March 31,</u> 1971	<u>December 31,</u> 1971
Debentures	\$ 422,588,458	\$ 432,541,019	\$ 427,982,768
Savings Bonds	61,510,500	60,746,600	56,055,900
Treasury Bills	<u>40,066,959</u>	<u>40,266,959</u>	<u>38,543,280</u>
Total	524,165,917	533,554,608	522,581,948
Debt issued for Utilities and Other Self-sustaining Purposes	<u>331,952,150</u>	<u>342,575,111</u>	<u>325,962,330</u>
Debt issued for General Purposes	192,213,767	190,979,497	196,619,618
Less: Funds provided for Retirement of General Purpose Debt	<u>72,690,104</u>	<u>76,695,351</u>	<u>66,541,654</u>
Net General Purpose Debt	<u>\$ 119,523,663</u>	<u>\$ 114,284,146</u>	<u>\$ 130,077,964</u>

STATEMENT OF GUARANTEES OUTSTANDINGBY CLASS OF BORROWER

	<u>December 31,</u> 1970	<u>March 31,</u> 1971	<u>December 31,</u> 1971
<u>Guaranteed as to Principal and Interest:</u>			
Manitoba Hydro	\$ 502,209,040	\$ 502,209,040	\$ 591,809,040
Manitoba Telephone System	148,500,000	148,500,000	148,500,000
Manitoba Water Supply Board	5,977,000	5,977,000	5,977,000
University of Manitoba	24,688,345	24,688,345	26,612,424
Manitoba Development Corporation	24,915,000	24,915,000	24,915,000
Manitoba School Capital Financing	93,000,000	93,000,000	97,742,000
Manitoba Agricultural Credit	8,850,000	8,850,000	8,850,000
Hospitals and Other	<u>6,750,767</u>	<u>6,718,267</u>	<u>6,436,820</u>
	<u>804,890,152</u>	<u>804,857,652</u>	<u>930,842,284</u>
<u>Guaranteed as to Interest Only:</u>			
School Districts	2,452,963	2,452,963	2,200,472
Municipalities	<u>1,602,770</u>	<u>1,602,770</u>	<u>1,406,823</u>
	<u>4,055,733</u>	<u>4,055,733</u>	<u>3,607,295</u>
	<u>\$ 808,945,885</u>	<u>\$ 808,913,385</u>	<u>\$ 934,449,579</u>

Note: Sinking Funds and other Debt Retirement Funds
at December 31, 1971, total:

(a) For General Purpose Debt	\$ 66,541,654
(b) For Self-sustaining Direct and Guaranteed Debt	<u>74,449,415</u>
	<u>\$ 140,991,069</u>

APPENDIX B — ECONOMIC STATISTICS

COMPARISON OF MANITOBA'S ESTIMATED
GROSS PROVINCIAL INCOME AND CANADA'S GROSS NATIONAL PRODUCT

(Millions of Dollars)

YEAR	MANITOBA'S ESTIMATED GROSS PROVINCIAL INCOME	PERCENT CHANGE OVER PREVIOUS YEAR	GROSS NATIONAL PRODUCT	PERCENT CHANGE OVER PREVIOUS YEAR
1961	\$1,893		\$39,080	
1962	2,122	12.1	42,353	8.4
1963	2,185	3.0	45,465	7.3
1964	2,415	10.5	49,783	9.5
1965	2,569	6.4	54,897	10.3
1966	2,785	8.4	61,421	11.9
1967	3,034	8.9	65,722	7.0
1968	3,337	10.0	71,388	8.6
1969	3,560	6.7	78,560	11.0
1970	3,755	5.5	84,468	7.5
1971	4,097*	9.1	92,126	9.1

*Estimated

NOTE: Data have been revised to accord with updated D.B.S. statistical series.

Source: Department of Finance.

Manitoba's estimated gross provincial income reached a level of close to \$4.1 billion in 1971. This represented a 9.1% increase relative to the 1970 figure. This percentage increase was slightly higher than Manitoba's average annual increase of the past decade and significantly higher than increases in the two previous years.

MANITOBA PROVINCIAL OUTPUT GROSS VALUE

(Millions of Dollars)

Year	<u>PRIMARY RESOURCES</u> ⁽¹⁾		<u>CONSTRUCTION</u>		<u>MANUFACTURING</u>		<u>RETAIL TRADE</u>	
	Value	Percent Change	Value	Percent Change	Value	Percent Change	Value	Percent Change
1961	403		370		717		767	
1962	616	52.9	361	-2.4	753	5.0	801	4.4
1963	581	-5.7	403	11.6	794	5.4	827	3.2
1964	637	9.6	421	4.5	861	8.4	873	5.6
1965	682	7.1	415	-1.4	913	6.0	918	5.2
1966	701	2.8	485	16.9	1,019	11.6	1,007 ⁽²⁾	N/A
1967	683	-2.6	558	15.1	1,080	6.0	1,076	6.9
1968	697	2.0	662	18.6	1,119	3.6	1,121	4.2
1969	758	8.8	754	13.9	1,199	7.1	1,162	3.7
1970	831	9.6	695	-7.8	1,245	3.8	1,181	1.7
1971*	914	10.0	698	0.4	1,315	5.7	1,280	8.4

*Estimated

(1) In 1971, the estimated value of output of the primary resource industries were as follows: agriculture, \$553,000,000; fisheries, \$3,315,000; furs, \$2,571,000; forest products, \$26,500,000 and minerals, \$329,000,000.

(2) Data for this year and subsequent years should not be compared directly to those of previous years as the series has been revised to accord with D.B.S. data revisions.

Source: Department of Industry and Commerce/Department of Agriculture/Department of Mines, Resources and Environmental Management/Department of Finance.

VALUE OF MANITOBA'S PRIMARY RESOURCE PRODUCTION

(Thousands of Dollars)

	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971*</u>
Agriculture ⁽¹⁾	464,000	487,000	471,000	458,000	473,000	468,000	553,000
Minerals	182,883	179,371	184,654	209,000	246,000	330,000	329,000
Forest Products	21,700	22,200	18,400	19,500	25,300	22,200	26,500
Furs ⁽²⁾	6,676	5,134	4,590	5,262	5,911	4,821	2,571
Fisheries ⁽³⁾	<u>7,039</u>	<u>7,545</u>	<u>4,721</u>	<u>5,497</u>	<u>8,286</u>	<u>5,500</u>	<u>3,315</u>
Gross Resource Output	682,298	701,250	683,365	697,259	758,497	830,521	914,386

*Estimated

(1) Excludes fur farm production and agricultural forest production reported in "Furs" "Forest Products". Series revised.

(2) Ranch and wild furs.

(3) Based on the fiscal year.

Source: Department of Agriculture/Department of Mines, Resources and Environmental Management.

The value of Manitoba's primary resource production expanded substantially in 1971. Resource production increased in value by 10% in 1971 over the 1970 total. The increase is attributable primarily to a huge expansion of agricultural output. Between 1970 and 1971 Manitoba's agricultural output increased in value by over 18%.

SELECTED ECONOMIC INDICATORS FOR MANITOBA

(Millions of Dollars)

Year	<u>PERSONAL INCOME</u> ⁽¹⁾		<u>LABOUR INCOME</u> ⁽²⁾		<u>FARM CASH INCOME</u>		<u>CHEQUE CASHINGS</u>	
	Value	Percent Change	Value	Percent Change	Value	Percent Change	Value	Percent Change
1961	1,425		899		243		21,131	
1962	1,602	12.4	953	6.0	263	8.2	21,191	0.3
1963	1,639	2.3	1,007	5.7	272	3.4	26,496	25.0
1964	1,777	8.4	1,060	5.3	302	11.0	27,284	3.0
1965	1,900	6.9	1,147	8.2	342	13.2	30,922	13.3
1966	2,073	9.1	1,248	8.8	377	10.2	33,715	9.0
1967	2,318	11.8	1,413	13.2	373	-1.1	35,372	4.9
1968	2,579	11.3	1,577	11.6	365	-2.4	34,184	-3.4
1969	2,785	8.0	1,774	12.5	352	-3.6	36,436	6.6
1970	2,939	5.5	1,910	7.7	342	-2.8	39,897	9.5
1971	3,206*	9.1	2,063*	8.0	372	8.8	43,166	8.2

* Estimated

(1) Data have been revised to accord with updated D.B.S. statistical series.

(2) Unadjusted wages and salaries.

Source: Department of Finance/Department of Agriculture/Department of Labour.

Manitoba's farm cash income, cheque cashings and estimated personal and labour income increased by substantial amounts in 1971. The past year was the first year since 1966 in which Manitoba farm cash income rose in absolute terms, relative to the previous year. The 1971 provincial increase exceeded the national increase by over 20%.

TOTAL PUBLIC AND PRIVATE INVESTMENT IN MANITOBA

(Includes new and repair capital expenditures)

(Millions of Dollars)

Year	Institutional Services and Government Departments	Percent Change	Utilities	Percent Change	Private Sector and Other Capital Investment	Percent Change	Total	Percent Change
1961	142.6		151.2		290.9		584.7	
1962	131.5	-7.8	170.2	12.6	294.7	1.3	596.4	2.0
1963	133.5	1.5	208.5	22.5	333.4	13.1	675.4	13.2
1964	148.1	10.9	190.9	-8.4	380.3	14.1	719.3	6.5
1965	145.6	-1.7	173.7	-9.0	414.9	9.1	734.2	2.1
1966	193.5	32.9	201.2	15.8	465.4	12.2	860.1	17.1
1967	180.4	-6.8	271.3	34.8	490.5	6.5	947.2	10.1
1968	207.6	15.1	334.1	9.1	509.9	2.9	1,051.6	11.0
1969	244.5	17.8	296.8	-11.2	606.9	19.0	1,148.2	9.2
1970	234.1	-4.3	283.1	-4.6	615.6	1.4	1,132.8	-1.3
1971 ⁽¹⁾	234.7	0.3	273.1	-3.5	568.5	-7.7	1,076.3	-5.0
1972 ⁽²⁾	271.7	15.8	320.0	17.2	587.2	3.3	1,178.9	9.5

(1) Preliminary actual figures

(2) Original forecast figures

Source: Department of Finance

The most recent Statistics Canada survey predicts a major expansion of investment expenditures in Manitoba during 1972. New capital expenditures are expected to increase from \$823.1 million in 1971 to \$918.8 million in 1972, an increase of almost 12%. Total public and private investment (shown above) - which includes expenditures on repairs as well as new capital equipment - is expected to rise by 9.5%.

RESIDENTIAL DWELLING UNIT STARTS IN MANITOBA

<u>YEAR</u>	<u>SINGLE DETACHED</u>	<u>PERCENT CHANGE</u>	<u>ROW AND TWO FAMILY</u>	<u>PERCENT CHANGE</u>	<u>APARTMENT AND OTHER</u>	<u>PERCENT CHANGE</u>	<u>TOTAL</u>	<u>PERCENT CHANGE</u>
1961	3,759		307		1,612		5,678	
1962	3,279	-12.8	519	69.1	891	-44.7	4,689	-17.4
1963	3,794	15.7	446	-14.1	2,148	141.1	6,388	36.2
1964	4,270	12.5	642	30.5	1,740	-19.0	6,652	4.1
1965	3,621	-15.2	394	-38.6	1,954	12.3	5,969	-10.3
1966	3,200	-11.6	325	-17.3	1,727	-11.6	5,252	-12.0
1967	3,374	5.4	583	79.4	1,880	8.9	5,837	11.1
1968	2,649	-21.5	511	-12.3	3,296	75.3	6,456	10.6
1969	3,315	25.1	1,123	119.8	7,406	124.7	11,844	83.5
1970	3,068	-7.5	1,824	62.4	4,053	-45.3	8,945	-24.5
1971	3,719	21.2	1,707	-6.4	5,279	30.2	10,705	19.7

Source: Department of Finance.

Residential construction surged forward during 1971. Residential dwelling unit starts were 19.7% higher, completions were 8.3% higher and units under construction at the end of the calendar year were 6.5% higher than in 1970. Construction of single detached units and apartment and other units was particularly vigorous

ELECTRIC POWER AVAILABLE IN MANITOBA

<u>YEAR</u>	<u>KILOWATT HOURS (Million)</u>	<u>AVERAGE NET VALUE (Thousands of Dollars)</u>
1961	4,908	41,137
1962	5,252	44,293
1963	5,778	47,344
1964	5,844	49,822
1965	6,264	51,931
1966	6,817	55,385
1967	7,207	58,541
1968	7,539	65,209
1969*	8,055	73,492
1970*	9,238	84,250
1971*	10,505	90,343

*Estimated

Source: Manitoba Hydro Electric Board

Previous year's data revised to accord with D.B.S. statistical series of electric power availability.

Electric power availability, which includes the aggregate of power generated in Manitoba and power imported from other Canadian provinces, increased substantially in 1971. Preliminary figures show that electric power availability in Manitoba rose from about 9.2 billion kilowatt hours in 1970 to 10 billion kilowatt hours in 1971, an increase of almost 14%. Revenue derived from the sale of the Province's electric power rose to \$90 million in 1971. This was an increase of 7.2% relative to the previous year.

DISTRIBUTION OF INCOMES IN MANITOBA

(BASED ON INCOME TAX DATA FOR LATEST YEAR AVAILABLE)

<u>GROSS INCOME</u>	<u>NUMBER OF ALL INCOME TAX RETURNS</u>	<u>PERCENT OF TOTAL NUMBER OF INCOME TAX RETURNS</u>	<u>TOTAL INCOME</u>	<u>PERCENT OF TOTAL INCOME OF ALL MANITOBA INCOME TAX RETURNS</u>
Under \$1,000	51,847	12.1	\$ 33,680,000	1.6
\$ 1,000 - 2,000	59,738	14.0	89,319,000	4.2
2,000 - 3,000	53,157	12.4	131,839,000	6.2
3,000 - 4,000	52,375	12.2	182,381,000	8.6
4,000 - 5,000	41,281	9.6	184,781,000	8.7
5,000 - 6,000	37,374	8.7	205,378,000	9.7
6,000 - 7,000	33,550	7.8	217,403,000	10.3
7,000 - 8,000	26,761	6.3	200,428,000	9.5
8,000 - 9,000	19,550	4.6	165,430,000	7.8
9,000 - 10,000	13,783	3.2	130,463,000	6.2
10,000 - 15,000	27,619	6.5	325,440,000	15.4
15,000 - 20,000	6,050	1.4	102,035,000	4.8
20,000 - 25,000	2,038	0.5	45,103,000	2.1
Over 25,000	2,864	0.7	116,571,000	5.5

Source: Department of Finance.

Information derived from income tax data shows that there are significant income disparities among Manitobans. The table above reveals that 23% of Manitoba's income earners receive approximately the same total income as the remaining 77% of income earners. Indeed, the wealthiest 2.6% of Manitobans earn about the same amount of income as the poorest 38.5%.

FORECASTS OF CANADIAN UNEMPLOYMENT RATES

<u>YEAR AND QUARTER</u>	<u>FORECASTS AS OF JANUARY 31, 1972 MINISTERS OF FINANCE MEETING</u>
1971 IV	6.5% (actual)
1972 I	5.9 - 6.0%
II	5.7 - 5.8%
III	5.8 - 5.9%
IV	6.0%
1973 I	6.0%+
II	6.0%+

(All Figures are Seasonally Adjusted)

At the January 1972 meeting of the Ministers of Finance, Manitoba presented a set of forecasts indicating that Canadian seasonally adjusted unemployment rates would be at or near the 6% level into the foreseeable future.

APPENDIX C — DETAILS OF TOBACCO TAX CHANGES

NEW TOBACCO TAX RATES — EFFECTIVE MAY 1, 1972

	OLD RATE	INCREASE	NEW RATE
<u>CIGARETTES:</u>			
per cigarette	2/5¢	1/5¢	3/5¢
per package of 20 cigarettes	8¢	4¢	12¢
per package of 25 cigarettes	10¢	5¢	15¢
<u>CIGARS:</u>			
retailing at 4¢ or less each	1¢	—	1¢
retailing at 5¢ to 7¢ each	1¢	1¢	2¢
retailing at 8¢ each	2¢	—	2¢
retailing at 9¢ to 12¢ each	2¢	1¢	3¢
retailing at 13¢ to 16¢ each	3¢	1¢	4¢
retailing at 17¢ each	3¢	2¢	5¢
retailing at 18¢ to 20¢ each	4¢	1¢	5¢
retailing at 21¢ to 22¢ each	4¢	3¢	7¢
retailing at 23¢ to 27¢ each	5¢	2¢	7¢
retailing at 28¢ each	6¢	1¢	7¢
retailing at 29¢ to 32¢ each	6¢	3¢	9¢
retailing at 33¢ to 36¢ each	7¢	2¢	9¢
retailing at 37¢ each	7¢	4¢	11¢
retailing at 38¢ to 42¢ each	8¢	3¢	11¢
retailing at 43¢ each	9¢	2¢	11¢
retailing at 44¢ to 47¢ each	9¢	4¢	13¢
retailing at 48¢ to 52¢ each	10¢	3¢	13¢
retailing at 53¢ or more each	10¢	5¢	15¢
<u>OTHER TOBACCO PRODUCTS:</u>			
per package weighing 1 oz.	4¢	2¢	6¢
per package weighing 1½ oz.	6¢	3¢	9¢
per package weighing 2 oz.	8¢	4¢	12¢
per package weighing 6 oz.	24¢	12¢	36¢
per package weighing 8 oz.	32¢	16¢	48¢
per package weighing 1 lb.	64¢	32¢	96¢
Other Weights — on every half of one ounce, or part of one ounce of tobacco products other than cigarettes or cigars	2¢	1¢	3¢

DETAILS OF MANITOBA EDUCATION PROPERTY TAX CREDIT PLAN

Under the Manitoba Education Property Tax Credit Plan, all eligible Manitobans will receive tax credits designed to alleviate the regressive and inequitable impact of education property taxation.

The tax credits available under the plan will equal education property taxes actually paid, directly or through rent — to a maximum \$140 — minus 1% of taxable income. A minimum benefit of \$50 will apply, except in some cases where property taxes are less than \$140.

Generally speaking, eligible Manitobans will include all those who pay education property taxes either directly to municipalities or through rents. To ensure that renters as well as homeowners benefit from the plan, a "rental equivalent" of education property taxes paid will be established at 10% of annual rent.

To be eligible for credits, all claimants must have their residence in the province at the end of the year, and must file income tax returns. The filing of an income tax return will constitute an application for the tax credit benefit. In all cases, receipts will be required to substantiate education property taxes paid. Credit benefits will be received either in the form of a reduction of income taxes or in the form of a cheque — to be sent to eligible claimants on behalf of the Manitoba Government by the federal Department of National Revenue at the same time as income tax refunds are paid.

Only one credit benefit will be payable in respect of each dwelling unit. In addition, where spouses reside in the same dwelling unit, the credit must be claimed by the spouse with the highest taxable income.

Following are four tables which illustrate the impact of the Manitoba Education Property Tax Credit Plan on Manitobans and more particularly, its success in directing very significant relief from education property taxation to those in low and middle income ranges.

TABLE I

IMPACT OF MANITOBA EDUCATION PROPERTY TAX CREDIT
PLAN ON VARIOUS TYPICAL TAXPAYERS - BASIC CREDIT OF
EDUCATION PROPERTY TAXES PAID (MAXIMUM \$140) REDUCED
BY 1% OF TAXABLE INCOME - BY GROSS INCOME LEVEL (1)

<u>GROSS INCOME</u>	<u>EDUCATION PROPERTY TAX CREDIT</u>			
	<u>SINGLE TAXPAYER</u>	<u>MARRIED TAXPAYER</u>	<u>MARRIED TAXPAYER 1 DEPENDANT UNDER AGE 16</u>	<u>MARRIED TAXPAYER 2 DEPENDANTS UNDER AGE 16</u>
\$	\$	\$	\$	\$
3,000	127	140	140	140
3,500	122	136	139	140
4,000	117	131	134	138
5,000	107	121	124	127
6,000	97	111	114	117
7,000	87	101	104	107
8,000	77	91	94	97
9,000	67	81	84	87
10,000	57	71	74	77
11,000	50	61	64	67
12,000	50	51	54	57
13,000 AND OVER	50	50	50	50

(1) Assuming sufficient education property taxes paid to qualify for maximum credits.

SOURCE: MANITOBA DEPARTMENT OF FINANCE

TABLE 2

IMPACT OF MANITOBA EDUCATION PROPERTY TAX CREDIT PLAN
 - BASIC CREDIT OF EDUCATION PROPERTY TAXES PAID (MAXIMUM
 \$140) REDUCED BY 1% OF TAXABLE INCOME
 BY TAXABLE INCOME LEVEL (1)

<u>Taxable Income</u>	<u>Manitoba Personal Income Tax Liability</u>	<u>Manitoba Education Property Tax Credit Entitlement (1)</u>	<u>Manitoba Personal Income Tax Payable After Credit</u>
\$	\$	\$	\$
0	0	140	(140)
500	36	135	(99)
1,000	74	130	(56)
1,500	115	125	(10)
2,000	155	120	35
2,500	198	115	83
3,000	240	110	130
3,500	285	105	180
4,000	329	100	229
4,500	374	95	279
5,000	419	90	329
6,000	516	80	436
7,000	614	70	544
8,000	720	60	660
9,000	827	50	777
10,000	941	50	891
11,000	1,056	50	1,006
12,000	1,188	50	1,138
13,000	1,320	50	1,270
14,000	1,451	50	1,401
15,000	1,600	50	1,550
20,000	2,344	50	2,294

(1) Assuming sufficient education property taxes to qualify for maximum credit.

SOURCE: MANITOBA DEPARTMENT OF FINANCE

TABLE 3

DISTRIBUTION OF BENEFITS UNDER MANITOBA EDUCATION PROPERTY
TAX CREDIT PLAN - BASIC CREDIT OF EDUCATION PROPERTY TAXES
PAID (MAXIMUM \$140) REDUCED BY 1% OF TAXABLE INCOME

<u>Benefit Level⁽¹⁾</u>	<u>Percentage of Taxfilers by Marital Status Eligible for This Benefit Level</u>			
	<u>Single</u>	<u>Married</u>	<u>Married 1 Dependant</u>	<u>Married 2 Dependents</u>
\$	%	%	%	%
140	33.0	31.2	30.8	27.2
130	15.8	12.8	4.5	6.7
120	12.2	10.2	8.8	5.6
110	12.9	11.5	8.5	8.0
100	9.4	8.5	10.3	9.1
90	5.7	6.4	13.7	9.3
80	3.9	5.2	7.0	11.6
70	2.4	3.6	4.0	7.2
60	2.8	3.8	3.4	4.1
50	<u>1.8</u>	<u>6.9</u>	<u>9.1</u>	<u>11.2</u>
TOTALS ⁽²⁾	99.9	100.1	100.1	100.0

(1) Assuming sufficient education property taxes paid to qualify for maximum credit.

(2) Totals may not add to 100 due to rounding

SOURCE: MANITOBA DEPARTMENT OF FINANCE

TABLE 4

DISTRIBUTION OF PENSIONERS AND FARMERS BY BENEFIT LEVEL UNDER
MANITOBA EDUCATION PROPERTY TAX CREDIT PLAN - BASIC CREDIT OF
EDUCATION PROPERTY TAXES PAID (MAXIMUM \$140) REDUCED BY 1% OF
TAXABLE INCOME (1)

<u>Benefit Level</u>	<u>Farmers</u>	<u>Pensioners</u>
\$	%	%
140	66.1	22.8
120	25.1	57.8
100	4.7	13.6
80	2.6	3.6
60	1.1	0.9
50	<u>0.3</u>	<u>1.3</u>
TOTALS (2)	99.9	100.0

(1) Assuming sufficient education property taxes paid to qualify for maximum credit.

(2) Totals may not add to 100 due to rounding.

SOURCE: MANITOBA DEPARTMENT OF FINANCE

APPENDIX D

RECENT MANITOBA STATEMENTS TO FEDERAL-PROVINCIAL MINISTERIAL CONFERENCES

*Honourable Edward Schreyer
Premier of Manitoba*

Opening Statement

Federal-Provincial Conference of First Ministers

Ottawa - November 15 - 17, 1971

INTRODUCTION — REVIEW OF THE ECONOMIC SITUATION

In its way this conference is unique. It is as though all the great and difficult economic questions facing Canada had come to a head at a single time — unemployment, tax reform, agricultural income stabilization, welfare reform, foreign control, and regional poverty. This is not altogether chance, for the fact of massive unemployment has affected every aspect of our economic life, and has given focus to each of the other issues.

It would be well, with so complex a set of problems to discuss, not to lose sight of essentials. For that reason I wish to begin with some very simple propositions. We can come to the technicalities later. I do not want, though, to have the technicalities obscure what is basic.

The most basic fact of all is unemployment on a scale that endangers the unity of the nation. It is unemployment that has already persisted for nearly two years at an intolerable level. It is unemployment that may easily have another two years to run at levels not significantly better than those of this year of false recovery.

From the beginning of the crisis my government has consistently argued that the federal authorities should respond in the classic way, by expanding real demand on the scale needed to produce a rapid return to full employment. There can be differences of opinion as to just which of the many methods for increasing real demand should be used and in what proportion. We shall go into our preferred solutions a little later on. We know of no solution, though, that does not mean expanding real demand, whether it works through taxes, or through spending, or through transfers, or through the money and exchange system. We say again (to Ottawa): "recognize the crisis in its true dimensions, and whatever else you do, plan to expand demand on the scale needed for cure".

And this leads me to another proposition of a basic kind. We must not accept a charlatan-remedy for unemployment which cures joblessness by changing the definition of full employment. This indeed would be a sinister development, and would amount to a deliberate decision to abandon tens of thousands of Canadians to the despair that goes with unjustified unemployment. It is well known that full employment in a practical sense allows some nominal unemployment in a statistical sense, the jobless count that comes from routine turnover in the labour market. As the Economic Council has argued, and as Manitoba policy has accepted, a full employment goal for the country as a whole is reasonably set at not more than 3% statistically unemployed.

Manitoba rejects outright any attempt to define unemployment out of existence as a substitute for curing unemployment. The target of 3% is a legitimate target. It should not be moved from time to time to accommodate itself to whatever dismal performance government has actually achieved.

Our concern with full employment is to ensure that people are saved the humiliation and hardship of involuntary unemployment, and to prevent the great waste of real output that unemployment entails, perhaps \$8 billion or more in the period just past. In many of the other areas our fundamental concern is with how the output of the economy is distributed. Our fundamental concern is with equality of the human condition, and to this end we wish to see progress towards economic equality.

Two weeks ago around this same table, my colleague, the Minister of Finance for Manitoba stressed that the time has come when basic choices concerning the structure and direction of the Canadian economy must be made. I agree. I would add that these same kinds of choices must be made in all areas of government policy, but it is plain that if they are to be the right choices, they cannot be made in isolation either from other policy decisions or from one or the other level of government.

The answer, of course, lies in Joint Planning — with variable time horizons fitted to the myriad problems now before us. Manitoba has already advanced certain suggestions — such as an Intergovernmental Task Force on Unemployment — for promoting and expediting this sort of planning; I will have more to say on this subject later. Other provinces have also put forward useful ideas for policy coordination which merit the close attention of this conference.

But, Joint Planning implies goals — basic short and long term objectives. Here too formative cooperation and continuing mutual support are essential if progress is to be made.

However, even before goals can be set and planning can be undertaken, there must be a clear recognition of the nature and the magnitude of the crisis this country faces and specific concurrence by both federal and provincial governments in the establishment of priorities to deal with it. This conference could take this initial step. First Ministers could agree on the problems and, in a preliminary way at least, on methods of proceeding together toward their solution. I suggest that we cannot leave this meeting without such agreement.

Special Federal and Provincial Employment Programs

On October 14, the Federal Ministers of Finance and Manpower and Immigration announced what was heralded as a massive program to create jobs in this country over the coming winter. There were tax cuts, loans to the provinces, special local incentive grants and major public works expenditures. All of these initiatives were commended at first as a sign that the Government of Canada apparently had at last recognized the seriousness of the unemployment situation in this country and the likelihood that despite its earlier optimistic predictions, improving conditions were not in view. However, a closer examination of the federal programs has served to dampen considerably early enthusiasm. Even the most charitable estimates place the maximum job creation effect of the new federal programs at less than 50,000 — equivalent at best to a reduction of half a percentage point in the unemployment rate over the coming winter. Probably 500,000 Canadians will still be out of work in the next few months. Furthermore, it is expected that the effects of the federal measures will be relatively short-lived and that by next winter they will have been all but erased.

Despite our criticisms of the federal programming measures, however, the Government of Manitoba has committed itself to work closely with the Government of Canada to ensure that the people of our province will receive the maximum possible benefit from them. In addition, Manitoba has made known its plans for its own special program to create jobs through socially useful projects within our jurisdiction. I might add that much of our program was formulated and announced prior to October 14 because we had no foreknowledge of what plans the federal government was preparing in this area. The special Manitoba measures include the direction of some \$47 million toward special accelerated capital works projects such as buildings, highways, air strips, park development and public housing. A further \$8 million will be expended on assistance to low income pensioners for home improvements, as well as on school and hospital repairs and renovations, local governments and community association initiatives. In several areas, our efforts obviously will complement those of the federal government and, as I suggested earlier, Manitoba has already taken preliminary steps to ensure optimum coordination with parallel federal programming.

However, much more must be done. Because present federal programs promise little tangible improvement for the winter months and still less for those to follow, immediate action must be taken to supplement them in the short term and to redirect them to guarantee better results in the medium and long term. I have already put forward one proposal which, if accepted, could serve as a useful first step. In a telegram which I sent to the Prime Minister on September 24 of this year, I suggested that both federal and provincial governments give consideration to the creation at once of a special task force on unemployment. The Manitoba Minister of Finance repeated this suggestion at the Conference of Finance Ministers and Treasurers here in Ottawa two weeks ago. Briefly, we in Manitoba feel that if the federal government is to minimize unemployment, it must begin to work together with the provinces to evaluate the effectiveness of past and present special job creating programs and — more important — to look ahead and formulate concrete plans for future programming measures involving both levels of government to end unemployment once and for all.

However, such a Task Force would be just a start. What is more, its work would be of little more than academic value if it were not supported by a forceful commitment by the government of this country to full employment at no higher than the 3% unemployment level. And, of course, such a commitment would have to be pervasive through all areas of federal policy. Positive thrusts in one area can easily be offset by ill-timed, ill-considered economic and fiscal decisions in other areas.

How effectively the federal government responds to the recent threat from the United States will be but one test. As yet, there has been little evidence of the effects of the U.S. protectionist measures on Canada, but it is clear that the effects of the U.S. policy decisions can and will have a disastrous impact on this nation if they are not countered decisively and quickly by the federal government. The one federal program enacted thus far — The Employment Support Act — will do little to help.

In Manitoba alone, it is expected that a prolonged extension of the 10% surcharge could cost the province \$33 million in export sales and 2,500 lost jobs. The effect on the nation, of course, would be far larger. Recent opposition in congress to the "disc" (Domestic International Sales Corporation) legislation is somewhat encouraging, but if it should pass — even in a significantly modified form — the results for Canada could be far more serious and lasting than those of the surcharge — particularly insofar as they would affect our efforts at a prompt recovery from the problems federal policies have precipitated in recent years.

The Government of Manitoba holds the view that short-sighted retaliation cannot resolve this problem. Instead, what this nation must do — through the federal government — is what it should have begun to do long before now — that is, begin to take steps to free itself as much as possible from the restrictive ties which for decades have made our country subject to undue influence from American political decisions and economic fluctuations.

Some preliminary steps have already been proposed, including a levy on the export of certain natural resources from Canada to the United States. An export levy would not reduce our sales; it would merely serve to provide the people of Canada with a more equitable return for what are their resources by right. Canadians cannot continue to go without jobs while their assets are sold cheaply to another country to be used to support a high standard of living — at our expense. Consideration should also be given to measures designed to encourage the processing of raw materials within Canada — thus creating further employment opportunities and assisting in the maintenance of a favourable exchange rate.

Other valuable suggestions have been advanced as well. In the short run, it has been proposed that the activities of major multi-national corporations be monitored closely to ensure that Canadian jobs are not lost as a result of subsidy inducements to shift work to the United States. For the longer term, Manitoba has proposed that some of the American dollar reserves of the Bank of Canada — now estimated at approximately \$3.6 billion — be used, perhaps through a modified Canada Development Corporation, to help buy back for Canadians controlling interest in many of the large U.S. — based firms which dominate key industries and control countless jobs in this country.

Of course, these suggestions are not novel, nor have they been advanced only as a possible response to special circumstances. They represent the kinds of policy decisions the Government of Canada should have made long ago and the kind which should continue to be considered even if the United States were to reverse its present position and exempt Canada from the more harmful aspects of its current program.

But, the Canada-U.S. situation is just one example of the sort of economic and fiscal problem which must be solved in the context of a full employment policy commitment by the federal government. There are many others. Another recent problem — and the one which perhaps more dramatically than any other illustrated that full employment must be a continuing objective, was the so-called “fight against inflation”. To its credit, the Government of Canada was quite explicit in its intentions as it pursued policies to reduce rising prices in this country. Ottawa made it clear that it believed that jobs would have to be sacrificed if it were to win its battle. Its predictions were accurate. Ultimately, the federal government announced triumphantly that it had broken the back of inflation. But it did so at the cost of broken spirits and hearts of the citizens of this nation who cannot find jobs and see little hope for the immediate future. And now, prices are going up again.

I refer again to the continuing problems of inequitable income distribution in this country, both among provinces and regions and among individuals — particularly those millions who barely subsist at or below income levels arbitrarily defined as poverty lines.

Last Wednesday, the Senate Committee on Poverty released its report — a report which attested to the gross inadequacy of Federal Income Security programming to date. Of course, the committee's findings were not surprising; they merely confirmed what was already evident. Ottawa's response to the report must be positive and prompt. A comprehensive Anti-Poverty Program must be readied without delay.

Some of the Senate Committee's recommendations can be acted upon at once. These include:

- real tax relief for low income groups instead of the relatively insignificant and regressive cuts which were announced in June and October,
- revisions to present Health Insurance programs to permit federal sharing of the costs of dental care, pharmaceutical services and more efficient alternative care services — as Manitoba has requested for many months,
- massive expansion of Public Housing programs,
- support for legal aid and child care services, and
- realistic minimum wage requirements.

As for the Guaranteed Income Program proposed by the committee, several provinces — including Manitoba — have indicated on previous occasions their intention to participate in experimental pilot projects to help evaluate such a scheme. To facilitate a thorough and prompt assessment of the Senate Committee's report, I would ask that the federal government instruct that Statistics Canada adopt as a first priority the preparation of detailed income distribution figures from the 1971 census and make them available to governments as soon as practicable — in fact, prior to the next meeting of First Ministers, if at all possible. It can be expected that these data will substantiate the Senate Committee's conclusions, but they will also pinpoint exactly where the worst poverty problems lie. Having them available will place our government in an excellent position to consider specific measures to direct assistance where it is most needed — and at the root causes.

Of course, on a regional or a province-by-province basis, it is already reasonably evident where the major low income areas are located. Annual surveys have shown that while in 1960, per capita personal incomes in four provinces — Ontario, Manitoba, Alberta and British Columbia — straddled the national average or were above it, by 1970 incomes in only two provinces — Ontario and British Columbia — exceeded the average, despite special Federal Regional Development Programs and other redistributive measures. Although the personal incomes of citizens across Canada rose by 91% on average over the last decade, there was little change in regional income disparity patterns in the period and, besides, a large proportion of the general gain was offset by the effects of price increases. In 1960, the average income of a Newfoundland resident was less than half as high as that of an Ontario resident. In 1970, it remained at less than half. In 1960, for every \$5 received by a Manitoban, an Ontario resident received \$6. In 1970, the same ratio applied.

But, these are only aggregate figures and do not reveal satisfactorily special regional circumstances such as agricultural income problems in the prairie provinces. For example, in 1968, the net income of farmers in Manitoba from farm operations stood at \$163 million; by 1970, the figure was \$80 million — not even half as high. Precisely the same pattern applies across the prairies. Meanwhile, and as a direct result, many farm operators have been sinking further and further into a quicksand of debt which ultimately may make government Agricultural Credit Agencies and private financial institutions the major landholders in rural areas.

Over the past generation many small farmers have had no choice but to give up their holdings. More will be forced off the land unless the Government of Canada adopts a realistic basic Agricultural Income Support Program — preferably along the lines of the Net Income Stabilization Program proposal which was presented by the Prairie Agriculture Ministers to the Minister responsible for the Canadian Wheat Board on October 1. Such a net income plan would have the advantage of recognizing producers' costs and other relevant variables affecting income — not just gross receipts levels, which constituted the basis for the original federal scheme outlined in Bill C-244. It is our view that a workable Stabilization Program for western farmers could be set up at an annual cost of around \$150 million.

But, a Stabilization Program in itself will not be enough. If western producers are to realize equitable returns, Canada must also institute a dual pricing system for wheat. Twenty years ago prairie farmers received, on average, \$1.83 per bushel for Number 1 Northern Wheat; now they are receiving about \$1.74 a bushel. Over the same period, the retail price of bread has doubled. In short, Canadian consumers are paying substantially more for farm products, but farmers are receiving far lower returns even while costs of farming have increased.

Consequently, it was somewhat encouraging for many agricultural producers to note a week or so ago that certain federal ministers were reported as having indicated that a two-price system for wheat could be "close to reality". I endorse that concept and would think that provincial First Ministers — along with the grain farmers of this country — would welcome an early confirmation by the federal government of the veracity of this report.

The problems of native people must also be dealt with immediately, and in a comprehensive way. An adequate federal full employment policy with complementary income support features should include special programs designed in consultation with the native people themselves to ensure that these citizens may achieve goals too long held from them. It was distressing to note, in connection with the problems of unemployment and underemployment among native people, that when allocating its special development loans among the provinces last year, the federal government estimated that some 57,000 Indians should be counted among the jobless above the 4% national average unemployment level used as a "benchmark" for the loan allocation formula. Of these 57,000 some 9,000 or 16% were located in Manitoba.

Through special programs and public sector effort it has been possible to create jobs for some who then have been able to come off the welfare rolls. This represents a saving to the federal government of from 50% to 100% of the welfare cost for each person — depending on his treaty status. Surely the amount so saved should be paid over to finance an expansion of such programs. Informal discussions on this point have led nowhere to date.

Taxation

It has been estimated that full employment in this nation could have meant some \$2.3 billion in added revenues for the federal, provincial and local governments during the last two years. However, it is clear that a significant portion of these revenues would have accrued from tax structures which are highly inequitable, and in many cases patently regressive.

There was general optimism that the Income Tax Reform Studies which began nearly a decade ago would eliminate at least some of these inequities, but the tabling of Bill C-259 brought such hopes to an abrupt end. I need not go into detail on many of the specific criticisms which the Government of Manitoba has raised with respect to the proposed tax legislation. My colleague, the Minister of Finance for Manitoba, has outlined them previously at Finance Ministers' Conferences in July and October of this year.

However, because it does bear directly on the questions of equity and income distribution — and the ability of governments to undertake special programs to meet problems such as poverty — I should point out that the federal government ignored a clear opportunity to ensure both tax equity and added revenue yields when it reached the decisions leading to the drafting of Bill C-259. In Manitoba's Statement to the Conference of Ministers of Finance on July 12, an alternative tax system was outlined which would have eliminated many of the regressive features in the federal proposals and which would also have added some \$3.3 billion per year to revenue totals — enough to help fund needed program initiatives in the years ahead including perhaps a Guaranteed Income Program. But, the federal government has made its decisions and little more can be done.

The Government of Manitoba has already indicated that it is prepared — in the interests of a relatively uniform national income tax system — to continue to base its income taxes on the federal levies. However, we have asked for added flexibility in new collection agreements to enable provinces to make adjustments in their own taxes in the direction of greater equity for their taxpayers. Manitoba has requested particularly that the federal government consider allowing provinces to effect selective rate adjustments and, in addition, permit the inclusion of provincial tax credits within the income tax structure so as facilitate administration and ensure that tax relief can be applied with maximum progressive impact. It

is my understanding that the Finance Ministers have directed that studies be undertaken shortly by their officials to expedite the development of such a credit system. Hopefully, their studies can be concluded successfully and with a minimum of delay.

Turning to another aspect of the equity of the Income Tax system — its equity in respect of the division of revenues between federal and provincial governments — Manitoba welcomed the dual announcements of provincial rate modifications and of the extension of the revenue guarantee period which were made on November 2 by the Federal Minister of Finance. Of course, it should be noted that the two announcements represented no real gains for the provinces. They merely signified a partial accommodation by the federal government in the direction of the present tax sharing relationship between Ottawa and the provinces. By adjusting the provincial "present system/proposed system" personal income tax rate conversion ratio, thereby enabling provinces to apply slightly higher personal income tax rates effective January 1, 1972, and by lengthening the guarantee period to five years rather than three, Ottawa simply has granted somewhat more revenue flexibility to the provinces than their initial proposals would have provided and for a slightly longer interim period. The fact remains that after the guarantee expires many provinces' shares of tax revenues under the proposed system will continue to fall short of the levels which would have been attained under the present system.

It is not even certain that provincial revenue shortfalls will be offset by the guarantee in the first five years. The formula basis the federal government intends to apply in calculating guarantee payments has been criticized as technically unsatisfactory by Manitoba and several other provinces and is now under review.

For these reasons, discussions of the sharing of income tax revenues must continue and further alterations must be considered. The income taxes are clearly the most progressive revenue sources presently available to governments in this country and every effort must be made to ensure that access to them by the provincial governments is not unfairly restricted.

Death Duties and Gift Taxation

Of all the inequities implicit in the revised tax system proposed by the Government of Canada, perhaps the most obvious is the termination of federal Estate and Gift Taxation at the end of the current year. Ottawa has referred to its intention to end these taxes as a practical decision and has totally disregarded the basic equity principles which it defended so eloquently less than three years ago when it sought passage in Parliament of major changes in these same taxes — changes modelled to a degree on recommendations contained in the Carter Commission Report.

Again, Manitoba's position has been made clear on several previous occasions. We remain strongly opposed to the federal decision and joined in the communiqué issued from the Premiers' Conference in Victoria earlier this year asking for a deferral. However, we recognize that there is little chance now of a reversal of Ottawa's position. We must accept a far less satisfactory alternative — the federal government's conditional offer to collect Succession Duties and Gift Taxes for three years for interested provinces — provided that at least four provinces presently without death duties can agree on relatively uniform legislation within the next few weeks so that a collection system can be operative by January 1. Obviously, with such stringent conditions and with such a short deadline, it may be extremely difficult to work out satisfactory arrangements. Manitoba has already prepared and circulated draft "model" legislation for the consideration of federal and provincial governments in the hope that this may facilitate prompt agreement. However, should it not be possible to secure the concurrence of the required number of provinces in uniform legislation, we would ask that the federal government be prepared to reconsider the conditions it has established and undertake to administer standard death and gift levies for those provinces which wish to maintain them as an integral part of their tax structures and which recognize the desirability of standardized legislation to minimize "tax jungle" effects.

At this point, I would like to add my government's support to the position taken by the Government of Saskatchewan with respect to the proposed tax changes affecting cooperatives. It is quite clear that the amendments recently introduced to Bill C-259 do not go far enough to correct the serious problems inherent in the original legislation.

The Fiscal Arrangements

Earlier, it was shown that since 1960 there has been very little change in the average income distribution patterns among the provinces. Perhaps this fact could be considered as proof that the various systems of provincial revenue equalization which were in effect during the period under federal-provincial fiscal arrangements legislation had insignificant measureable results and should be re-evaluated. Indeed, it is my understanding that some provinces — principally those not now eligible for equalization payments — have advanced this argument, and at least one has called for the abolition of the present formula. In response to these arguments, I would suggest that the income distribution data serve as evidence that a major expansion of the present arrangements is necessary. An examination of the per capita payments made under the present Equalization Formula indicates that the system does distribute funds where they are most needed. The major problem is simply that the magnitude of these funds is not sufficiently large.

The various studies of the Equalization System carried on over the past several months under the direction of the Finance Ministers have shown only minimal positive results. To date, the federal

government has agreed to certain technical modifications in the present formula which should serve to ensure a more equitable distribution of payments among the provinces based on their relative fiscal capacities. However, as yet, the Government of Canada has not seen fit to agree to the inclusion of at least some portion of local government revenues in the formula — an important revision advocated by a majority of provincial governments.

Surely, the inclusion of some portion of municipal revenues in the Equalization Formula — even if it were only the portion related to school taxation — would constitute a worthwhile initiative by the federal government in providing both provincial and local governments with additional resources which could be applied to meet some of their problems.

Closely related to the question of revenue equalization is the problem of the stabilization of provincial revenues over time. Admittedly, the present Equalization System can serve as a partial stabilizer — for example, when the revenue capacity of a recipient province changes markedly in relation to the capacities of other provinces — but its stabilizing effects tend to be delayed. In addition, a general decline in the revenues and the tax capacities of all provinces will serve to reduce equalization payments at a time when such reductions could be particularly harmful. Perhaps more important, however, the specific revenue stabilization measures in the present fiscal arrangements legislation — which are intended to complement the Equalization Formula — have proved to be totally inadequate to meet immediate, short-term provincial requirements. Only very large revenue losses can trigger them and only then after lengthy delays.

Over the past year, several proposals for more responsive short-term stabilization arrangements have been put forward by various provinces. At the Finance Ministers' Conference two weeks ago, Manitoba expressed interest in these plans and advanced a suggestion for a system under which the Bank of Canada could provide borrowing assistance for provincial and local governments — Particularly during periods when deficit financing might be required to meet special economic needs such as "emergency" capital works projects designed to create jobs. It is to be hoped that the federal government will recognize the inadequacy of the present stabilization provisions and in preparing new fiscal arrangements legislation for the five year period from 1972/73 through 1976/77 will take into account at least some of the positive suggestions for improvement which have been offered by the provinces.

Shared-Cost Programs

Also included in the fiscal arrangements legislation which will take effect April 1, 1972, will be provisions covering the future nature of the Post-Secondary Assistance Program. On several occasions, Manitoba has expressed the view that the federal proposal to limit its share of the growth in costs under this program to 15% per annum for a two year "extension" period, in effect constitutes a redefinition of the program itself — one which cannot be defended in light of present circumstances across the country. Ottawa initially put forward its proposal to apply an arithmetic ceiling to control costs on the grounds that program expenditure growth was excessively high. The Government of Manitoba agreed with the need for cost control but opposed an arbitrary limit because it could severely inhibit efforts by many provinces to bring their higher education standards up to levels equal to those attained in provinces whose revenue bases had permitted them to take maximum advantage of federal assistance in the early years of the Post-Secondary Program. In our view, this argument remains valid and is our principal reason for continuing to oppose the 15% ceiling proposal.

However, recent developments have shown further cause why the federal proposal should be abandoned. Enrolment growth has decreased and post-secondary education cost increases have diminished across the nation as a result both of the enrolment trends and of joint efforts by governments and educators to introduce needed economies in their operations. Equally important, the unemployment problems of recent graduates suggest that an extensive redirection of post-secondary programming may be required. In short, all these developments dictate that existing arrangements must be permitted to continue in their present form — without alteration — for at least two years.

With respect to possible revisions in Health Insurance Program financing, the federal government has also put forward totally unacceptable proposals incorporating arithmetic limits on shareable expenditure growth. Although the federal proposals have been included as part of a package which appears to promise much-needed flexibility for provincial health care delivery decisions, it has become plain that their only real effect could be a reduction of federal participation in key national programs. The proposals fail to recognize the "catch up" needs of provinces such as Manitoba, plus the major expenditures implicit in a massive redirection of provincial programming toward more economical delivery systems, at the same time as costly, less efficient existing care services must be maintained at full capacity for a necessarily protracted transition period.

Late last year, the Government of Manitoba along with the two other member governments in the Prairie Economic Council put forward concrete proposals which, if accepted by Ottawa, would have assisted provinces to begin immediately, within the present Hospital Insurance Program arrangements, to introduce more efficient alternative care services in their health programming. However, these proposals were rejected by the federal government on the grounds that general financing negotiations were expected to proceed quickly. But, Ottawa's failure to revise in a fundamental way its overall health proposals has prolonged these negotiations and agreement is far from close. For this reason and in view of a parallel recommendation in the Senate Poverty Report, I would ask that the P.E.C. proposal be reconsidered and

accepted as a tangible step towards practicable cost controls. In addition because it does not appear likely that it will be possible to reach an accord on new health program financing arrangements for some time, Manitoba has asked that Ottawa provide the provinces with an indication of whatever decision it might have reached for extending the Medicare Program past the end of March, 1973, its scheduled expiry date. An early response to this request is essential for provincial budgetary planning.

On the subject of Income Security Programs, I have already indicated that Manitoba recognizes the potential value of a comprehensive National Guaranteed Annual Income Program as an adjunct to a full employment policy and as a replacement for current inadequately-coordinated piecemeal assistance measures. The federal government will be assured the full cooperation of the Government of Manitoba in efforts to develop a workable G.A.I. plan as quickly as possible.

STATEMENTS

*Honourable Saul Cherniack
Minister of Finance
Government of Manitoba*

**Conference of Ministers of Finance and Provincial Treasurers
Jasper, Alberta: January 31 and February 1, 1972**

STATEMENT ON THE ECONOMIC SITUATION AND THE OUTLOOK FOR 1972

At our last meeting in early November, I released figures which showed that the national unemployment rate was likely to remain considerably in excess of 5% on a seasonally-adjusted basis at least until the middle of 1973 in the absence of decisive, new job creation efforts by the federal government. These estimates revealed that unemployment rates — rather than dropping toward the end of the forecast period — may well increase. Nothing has happened since November — including the removal of the 10% U.S. surcharge on imports — to cause a downward revision in these projections. In fact, the latest data available suggest that our forecasts of last November may well have been too low. Our estimate of the seasonally-adjusted unemployment rate for the last quarter of 1971 was 6.2%, but the actual rate turned out to be significantly higher: 6.5%. We now expect that unemployment will average around 5.9% - 6% in the first quarter of the current year, then will fall slightly to about 5.7% - 5.8% in the second quarter, but will begin to rise again in the third quarter to perhaps 5.8% - 5.9%. This trend will continue in the fourth quarter, when the rate is expected to be at least 6%. In 1973, this pattern will continue, when the rate is expected to be at least 6%. In 1973, this pattern will continue, with rates in excess of 6% expected both in the first quarter and in the second. In no case do we foresee that the seasonally-adjusted rate will fall below 5.7% - 5.8%, and by the end of the forecast period it is estimated that at least 550,000 Canadians will still be without jobs. It is clear, then, that there can be no real economic recovery until such time as the Government of Canada fulfills its responsibility to the people of this country by endorsing a full employment policy and by supporting this policy with fiscal and monetary measures which will reduce unemployment to the 3% rate suggested as an acceptable "full employment" level by the Economic Council — or lower.

Last November, I also emphasized that the special employment programs announced in the October Budget, while welcome, would have only minimal impact on jobless totals this winter. The latest unemployment figures from Statistics Canada have verified that prediction. The principal reasons for the programs' inevitable failure can be summed up in a phrase which has become a cliché — "too little and too late" — a description which has been overworked simply because it sums up so succinctly the inadequacy of federal employment policies to date.

Later in this conference, under a separate agenda item, we will be considering how best to proceed with the evaluation of employment programs which we are to undertake over the next few months on instruction from the First Ministers at their conference in mid-November of last year. Such a Joint Review is, of course, long overdue and I am sure that we can all agree on the need for rapid progress toward its completion. However, the long-term value of this Review will be determined largely by the degree to which the federal government is prepared to recognize the major shortcomings in its present position and to cooperate with the provinces in establishing concrete objectives and in developing definitive plans for attaining full employment as quickly as possible.

Because of the importance of the Employment Program Review — and the even greater importance of decisions which may be based on its outcome — we have become increasingly concerned about the continuing reluctance of the federal government to admit to the magnitude of the unemployment problem. A recent example was a statement by the Prime Minister to the effect that there are plenty of jobs available that remain unfilled.

If there are an abundance of employment opportunities, this certainly was not evident in the recent job vacancy survey released by Statistics Canada. That survey suggested that there were only some 38,500 open full-time positions across the country in the third quarter of last year — not enough to reduce the actual unemployment rate by even half a percentage point if workers could be found from the ranks of the unemployed with the skills necessary to fill these jobs.

The fact is that the latest available Statistics Canada data show some 530,000 Canadians unemployed. Because a large number of the unemployed are heads of families, it is likely that at least a million Canadians are feeling the direct effects of the present crisis — a crisis precipitated by the federal government's disastrous, self-defeating anti-inflationary crusade of 1969/70.

The fact is that for the last 20 months, the seasonally-adjusted unemployment rate has never fallen below the 6%.

The fact is that the dominant theme in the Canadian economy over the last two years has been high unemployment and its consequences. The costs in terms of lost income and output have been enormous — perhaps some \$8 billion in a little over 2 years. But beyond this physical loss, there have been immense social and human costs. High unemployment hits hardest at those who are on marginal incomes at the best of times and have no resources to cushion the blow. It deepens poverty; it aggravates regional disparities; it increases our vulnerability to international pressure, and it weakens the unity and continued viability of the nation.

Yet, throughout this critical period, what has the federal government done to rectify the effects of its own gross policy errors? Very little. Instead of accepting full responsibility for the unemployment crisis it created, instead of dedicating itself to a specific full employment objective such as the 3% unemployment level proposed by the Economic Council, Ottawa has attempted to obscure the severity of the problem by engaging in statistical rationalizations including the obviously invalid arguments related to the purported "volatility" of the participation rate. Recent statements such as the Prime Minister's remarks to which I referred earlier have added a further, though not unfamiliar dimension to the federal position — sanguine rhetoric.

What Canada requires from the federal government is an immediate end to these attempts to divert attention away from the results of its own mistakes. High unemployment has simply been a fact for too many months for the people of this nation to be misled by the protestations of the federal government. Month after month, jobless statistics continue to point to only one option for the Government of Canada — a definitive full employment effort. The importance of full employment as a foremost priority was outlined in the 1946 White Paper on Employment and Income and the government of that era — a Liberal Government — committed itself to the achievement of this goal in the years which followed. Since that time, that commitment has never been denied but has been consistently ignored. While Ottawa's abrogation of its responsibility has never been excusable in the past, it is intolerable now because fiscal and economic tools are available to the federal government providing it has the ability and courage to use them.

There is no doubt that the Employment Program Review which we will set in motion at this meeting will serve to underscore what we already know to be true — namely that much more must be done by Ottawa if unemployment is to be reduced to an acceptable level — ~~no higher than 3%~~ — without further damaging delays. The Manitoba Government is prepared to cooperate fully in this Review and expects no less from the federal government. But, as I indicated earlier, the Review is but one element in what must be a pervasive effort — an effort whose success depends solely on an unequivocal commitment to full employment by the federal government.

Statement on the Planned Joint Federal-Provincial Review of Employment Programs

The agreement reached by the First Ministers at their conference last November to direct us — as Finance Ministers — to undertake a Joint Review of Employment Programs, and more specifically "to evaluate effectiveness, assess problems, and prepare criteria and guidelines and contingency plans that might be applied in the design of Winter Employment Programs in the future", in retrospect may well represent one of the most significant developments in the area of federal-provincial fiscal policy coordination in the last several years. It is clear that all our governments, in agreeing to this Review, have recognized the vital need for close cooperation in dealing with an unemployment crisis which presently shows every sign of persisting for at least another 18 to 24 months unless massive, coordinated action is taken under the leadership of the federal government.

While the First Ministers were relatively specific in their directions to us, it remains for us, of course, to determine detailed Terms of Reference for this study and to establish a schedule which will ensure that the evaluation process has utmost value to us in our program planning in the months ahead. The Government of Manitoba has formulated what we believe to be a useful set of guidelines for the Review. These have been incorporated in a Paper which I understand was discussed in a general way yesterday by our officials. I would like now to table this Paper formally and to have copies distributed to all Ministers. (Note: a copy of the Manitoba Paper "Proposed Guidelines for the Federal-Provincial Employment Program Review" is attached to this statement.)

As our Paper points out, Manitoba feels that in order for the Review to be of maximum benefit, it must be comprehensive in scope by dealing with all aspects of government policy related to the problem of unemployment. Special emphasis must, of course, be given to the effectiveness of past and present special winter and summer programming measures, but this should not preclude a thorough study of the importance of other avenues of fiscal and economic action which have not yet been explored fully.

As an example, we would suggest that the concept of "full employment budgeting" should be examined both in theoretical and in practical terms and its possible operation should be illustrated within the context of various alternative economic situations and governmental policy objectives — including the "full employment" objective of 3% unemployment set by the Economic Council of Canada.

As an adjunct to this study, we believe that our officials should be directed to work together to prepare joint short and long term forecasts of unemployment — both for the nation as a whole and for each province and region. Presumably such an exercise would involve Statistics Canada personnel and could serve as a basis for an ongoing monitoring process which would provide an especially useful tool for policy coordination — not unlike our Annual Budgetary forecasts. Moreover, the fact that both federal and provincial governments would be involved in the preparation of these forecasts could help to eliminate present concerns with respect to possible misunderstandings related to the quality of forecast data.

Because a Review of Employment Programming necessarily must involve consideration of many different areas of government activity, we would propose that the Continuing Committee on Fiscal and Economic Matters be instructed to establish a special Subcommittee to carry on the study with representation from as many federal and provincial government departments as may be appropriate. Perhaps it might be useful, in the interest of speed, to request specific reports on progress and problems related to their own particular programs from such groups as the coordinators of the Federal-Provincial Special Development and Employment Loans Programs and officials of both governments concerned with Summer Employment Programs for Youth.

Turning to these particular programming measures for a moment, I would like to register certain of the Government of Manitoba's concerns with respect to their operation thus far. Like several other provinces, we undertook to prepare specific plans last summer for dealing with the anticipated high levels of winter unemployment within our borders. At the same time, we urged the federal government to make known its program intentions in order that we could ensure optimum coordination between national plans and our own. However, by early autumn — and in the absence of any definite program commitment by Ottawa — we had no alternative but to proceed with the announcement and implementation of our programs. Subsequently, when plans for special federal job creation measures were revealed, the Government of Manitoba emphasized that it intended to cooperate fully with the Government of Canada so that both sets of programs could have maximum effectiveness.

Unfortunately, however, our experience thus far suggests that much of this cooperation seems to have been one-sided. For example, we are experiencing considerable difficulty in our own special Winter Employment Program planning and administration because of a lack of definite information in respect of the amount of federal assistance which will be available for Manitoba projects under the Local Initiatives Program. There have been vague assertions that our province will be allocated funds more or less in line with the magnitude of our unemployment problem — or in other words, a percentage amount similar to the allocation we received under the Employment Loans Funds Distribution Formula. However, it is not clear just what this means in terms of actual federal support levels. While we recognize the importance of a degree of flexibility in the administration of this sort of program, at the same time, we find the lack of specific information with respect to limits on federal assistance for projects in our province to be a significant problem.

As for the allocation method itself, Manitoba has observed on several occasions in the past that a process involving the use of a simple national average unemployment rate as a benchmark to gauge the apparent severity of each province's unemployment problem — the system used to distribute special Development and Employment Loans Funds last year and this year — in effect penalizes provinces such as Manitoba whose long run average unemployment rate is far below the arbitrary national average of 4% set for the allocation formula. Although 4% may represent an historical — though by no means acceptable — national average unemployment level, this percentage represents abnormally high unemployment for a province such as ours, whose long term average is around 2% to 3%. Thus, an allocation system which bases assistance only on unemployment above 4% — albeit with some modifications for inadequacies in the Labour Force Survey data — is not truly reflective of the relative severity of unemployment on a regional basis. A more appropriate distribution method would involve a comparison of each province's present unemployment rate with its own long term average rate. Hopefully, an examination of the merits of this sort of allocation system will be included as part of the General Employment Program Review. The same sorts of allocation problems have also risen in respect of the Opportunities for Youth Program and perhaps could be discussed as well during the Review. However, since the Opportunities for Youth Program for 1972 is already underway, I want to request particularly at this time that immediate consideration be given to our views on the need for an improved Opportunities for Youth Allocation Formula and for detailed fund disbursement information.

A further problem which should be resolved now — before the present set of special programs has run its course — is the question of follow-up support for certain of the socially-useful projects begun under these programs which could and probably should continue after the termination of the present measures. This problem is of course directly related to projects undertaken both by municipalities and by private groups under the Local Initiatives Program and under similar provincial plans such as the "PEP" (Provincial Employment Program) scheme in Manitoba. Again, I think it would be extremely useful if the Employment Program Review were to include a study of this specific problem with a view towards the development of a set of proposals for possible federal-provincial cost-sharing where necessary to ensure that those projects

initiated this winter, with continuing value, may remain operable. In this case, it would obviously be most important to ensure close coordination with the activities of those departments involved in the planning and administration of special programs for the coming summer.

The problems which I have just outlined will not be resolved easily and yet they represent only a few of the complex questions which should be examined in the context of a Federal Employment Program Review. For this reason — and for the more important reason that the Review should be completed as quickly as possible — I think it is obvious that we must consider assigning staff to this task more or less on a full-time basis over the next few months. Clearly, the Review will be of little value unless a relatively complete analysis — with definitive program recommendations — is available to our governments by late spring or early summer. This means that work must begin without any further delay. Already some 2½ months have been lost since the First Ministers reached agreement on the need for a review and only four months remain until June. Since many of our senior officials who will be directly involved in this task are present here, I think we should ask them to meet immediately after our conference concludes to finalize arrangements for the commencement of this study as quickly as possible.

PROPOSED GUIDELINES FOR THE FEDERAL-PROVINCIAL EMPLOYMENT PROGRAM REVIEW

Introduction

The First Minister's Conference of November 15, 17, 1971 agreed that winter and summer employment programs be the subject of a review by the Committee of Finance Ministers and Provincial Treasurers. The Terms of Reference provided by the First Ministers were as follows:

1) Winter Employment Programs

A joint examination of the 1971-72 federal-provincial, federal-local, and provincial-municipal programs, to evaluate effectiveness, assess problems, and prepare criteria and guidelines and contingency plans that might be applied in the design of winter employment programs in the future.

2) Youth Employment Programs including Student Summer Employment

A similar joint examination of the 1971 experience. This could include an inquiry into the possible operation of institutions of higher learning in such a way as to spread the requirement for student employment more appropriately over the year.

The Full Employment Budget

While Manitoba supports such an assessment procedure, our view is that it is most important to establish carefully the Terms of Reference for such a review. The First Ministers' consensus raises a basic question in this regard. A review of winter and summer employment programs must obviously be carried out within an overall framework of a review of government fiscal policy in general — a policy which has in the past been instrumental in creating the 6% unemployment rates now observed. It is, in fact, this very policy that has led to the creation of the specific employment programs which, while useful, must be recognized for what they are — minor interventions in a slack economy. In short, our view is that such specific program reviews must take place within the proper framework. Clearly the appropriate framework is an overall study of the fiscal policy of the public sector.

Many tools are available for such a broad review of government policy but the use of any of these tools must not precede a clear idea of the goal that is being aimed for. The Government of Manitoba has repeatedly stated that the most basic goal that must be strived for is one of "statistical full employment" (i.e. 3% national unemployment as defined by the Economic Council of Canada). In a climate of over 6% unemployment nothing could be more obvious than the need to stimulate the economy so that it can soon exhibit full employment characteristics.

In the past decade discussions of government fiscal policy have often been centred around the notion of the full employment budget. In our view this analytical tool usefully poses the basic questions around which a discussion of government fiscal policy can revolve. It is our view then that a review of employment programs must take place within a broader review based on the notion of the full employment budget.

The full employment budget is a fairly simple descriptive device and, of course, its simplicity can hide some difficult problems. However, its great virtue has been recognized as its ability to divert attention from a misleading focus on the size of a government's deficit at a particular time, and instead to direct attention to an objective method of gauging the real counter-cyclical power of the public sector's fiscal policy.

The revenues and expenditures of the public sector can be broadly thought of as depending on two factors. The first is simply the overall state of the economy. In a period of unemployment and general slack in the economy the revenues of governments will be lower than they would be at full employment simply

as a result of the economic climate. The second determining factor of the level of public sector revenue and expenditure is the posture, at any given moment, of the government's discretionary fiscal policy. The use of the full employment budget prevents these two forces from being confused in the minds of policy makers.

The full employment budget is arrived at simply by estimating what the revenues and expenditures of all governments would be if the economy were at full employment. If the full employment budget is in surplus the implication is that a current deficit (say) is not the result of discretionary fiscal policy designed to stimulate the economy, but is simply a reflection of the overall economic climate.

The calculation of the full employment budgetary position is an important task providing as it does a benchmark against which current government taxing and expenditure policy can be compared. Such an exercise is of great importance during a period such as the one we are apparently in at the moment, when the economy is moving from extremely high levels of unemployment to somewhat lower levels. If care is not taken the very nature of the tax system will begin to stunt the recovery as more and more revenues come to governments from the expanding economy. A review of overall governmental policy based on the calculation of the full employment budget is essential at this time in order that the most appropriate spending and taxing policies can be adopted.

In summary then the federal-provincial employment review should, in our view, begin with an overall assessment of the size of public sector intervention presently needed to bring the economy back to its full employment level. Such a review will provide all governments with a clearer idea of the role they must play in directing the economy toward its potential level.

The Program Review

The use of the full employment budget will provide an initial indication of the size of the intervention required now by the public sector. The question then arises as to the composition or program mix of this intervention. It is in answering this question that a review of past employment programs, winter and summer, will be useful.

In the past two years the federal government has presented two sets of programs specifically designed to reduce the burden of winter employment. One program has been introduced to deal with summer employment. The first winter program was the Special Development Loans program that is now drawing to a close. The second was the set of measures announced October 14, 1971. Summer plans have been restricted thus far to the Opportunities for Youth program. Our view is that these three programs should be reviewed in considerable detail in order that their effectiveness can be measured against several standards. Such a review will allow for the sensible design of future employment programs.

The most appropriate vehicle for such a review would probably be a sub-committee of officials responsible to the Continuing Committee. Its composition should be discussed during the present series of meetings. Manitoba's initial view is that the sub-committee should be composed of Finance Department officials and whatever representatives of other departments and/or agencies the participating governments may deem appropriate.

After having determined the appropriate size of government intervention there are at least two general areas of concern that should receive careful attention in the review process:

- 1) What should the nature of the winter employment program package be? We have had, and are presently having experience with particular program mixes. Their relative effectiveness should be examined with a view to next winter's programming.
- 2) The timing of such programs and the nature and extent of federal and provincial consultation are also crucial aspects that could profitably be analyzed with a view to improving the administrative aspects of future programs.

The Program Mix of Winter Employment Programs

Recent and present winter employment programs have been comprised of a variety of fiscal devices that can be roughly categorized in the following way:

- 1) Money in the form of grants and/or loans has flowed from the federal government to other levels of government to bring forward in time public sector construction.
- 2) Money has flowed from the federal government directly to persons and groups to finance employment-creating projects designed by citizens themselves.
- 3) The federal government has itself undertaken some public works programs in the winter months.
- 4) Apart from these direct employment programs there has in this year's program been an attempt to stimulate demand conditions through tax cuts. Various provincial governments have, of course, been involved in particular programs that fall within these categories.

The direct employment programs (1) and (3) are traditional fiscal devices. They have been used before and they will undoubtedly be used again in some form. Their aim is simply to accelerate public sector construction so as to concentrate in the winter months construction on projects that would have been undertaken in any event.

A newer device, in the form of direct "government to people" grants, has as its aim the creation of employment through projects designed by individual citizens and groups. These programs quite probably release a great deal of initiative that would otherwise go untapped. The newness of these programs makes more difficult an assessment of their long-term usefulness and success. Recent indications are that the federal government is increasing its emphasis on this type of program. A final distinguishing feature of this type of program is that, as opposed to the first set of direct employment programs, the provinces have been given virtually no role to play.

Tax cuts are also, of course, a traditional fiscal device. In the current program they have been undertaken by the federal government with a view to reducing winter unemployment. Notwithstanding Manitoba's reservations concerning the particular nature of the current tax revisions, they can be usefully considered as part of the federal winter employment program.

These then are the broad areas of activity that the federal government has undertaken to attempt to alleviate winter and summer unemployment. Such a listing of recent past experience does not, of course, suggest there are no other types of programs that could be utilized with the same goal in mind. The concentration of private sector capital formation in the winter months for example, presents itself as a logical addition to the recent programs that have concentrated on public sector construction. Without however wishing to be a prisoner of past programs in the attempt to design new ones, Manitoba offers the following comments on how past experience could assist in the planning for next winter's program.

What should the mix of next winter's employment package be? In our view the following questions should be asked with respect to past programs to help in designing next winter's program.

- 1) What is the precise history of the direct employment programs in terms of the number of jobs created?
- 2) Are there substantial differences in the indirect employment effects of the two kinds of direct employment programs (i.e. those involving grants and loans to governments and those involving grants to people and groups)?
- 3) Does the provincial distribution of funds reflect the aims of the program? What, in fact, has the distribution system of the "grants to people and groups" program been based upon? Sensible planning requires knowledge of the resources at hand. Some of the programs under the current winter employment package leave in doubt the provincial distribution of funds. This aspect of the current program should be evaluated with a view to establishing a better system for the future.
- 4) What is the expected employment effect of the October, 1971 tax cuts? Is the particular method of cutting taxes utilized in the present program an optimal policy or are there more efficient and equitable methods at hand of cutting taxes for the purpose of increasing employment? Could the broad policy of tax cuts be used in a fashion that would reflect particular needs of the nation's regions?
- 5) The present winter employment program consists of direct employment programs and tax cuts. Consideration should be given to the relative merits of each of these broad approaches.

These then are some of the more important questions that must be asked with respect to the experiences of the last two years. The answers to these questions would provide the raw material for the decisions as to the optimal program mix of the public sector's future intervention. In summary then, the calculation of the full employment budget would provide insights as to the required size of the intervention; the review of past programs would help in answering the questions as to the appropriate program mix of the intervention.

Timing and Consultation

The working group assigned responsibility for the review has two clear tasks: one is to decide the size of the intervention; the second is to determine its nature. Work must begin now on each so that the most appropriate action can be taken as soon as possible. The questions of timing and inter-governmental consultation in this process are of obvious importance but deserve special mention. It would be difficult to deny that the past programs and the one currently in force would have been more effective had they been announced earlier and if a greater degree of inter-governmental consultation had taken place. In the particular case of Manitoba, where this winter and last we have undertaken substantial winter unemployment programs of our own, we have been made acutely aware of the importance of coordination.

In our view the review must deal specifically with this aspect of winter and summer employment programs. Care must be taken in the planning of specific programs so that their date of announcement adequately precedes their effective beginning date. For next winter's employment programs, for example, we would recommend that the necessary planning be undertaken so as to allow for a mid-summer announcement.

Consultation must occur throughout the process. The programs can only be effective if each party knows well in advance the decisions of the other so that sensible coordination can occur.

There is a particular situation that may emerge from the current federal programs that will require especially close coordination between the two levels of government. It is mentioned here as an example of

the necessity of consultation. The federal government has undertaken a large program involving grants to people and groups with the view to reducing winter unemployment. A variety of projects have emerged that are of obvious usefulness. The federal government's program is, of course, of a short-term nature, but many of the projects under the Local Initiatives Program are attempting to meet long-term needs — needs that will not disappear on May 31, 1972 when federal assistance will terminate. Situations will clearly arise where local groups, having responded to particular local needs, will find the federal money disappearing when the original need is just beginning to be met. Calls for extension of funding, many of them legitimate, will undoubtedly be heard.

Here then, is a specific case of where the two levels of government must consult in order to be able to respond to citizens' views next May. Many possibilities present themselves. Some projects may be of such a nature that the federal government would wish to continue support simply on the basis of the projects' demonstrated worth in fulfilling a useful purpose and in providing employment opportunities. It may be considered, after consultation, that other projects could be supported through some shared-cost formula. Decisions of this nature will undoubtedly be based on both the relative merits of the programs themselves and on the national level of the unemployment and the magnitude of the unemployment problem in the region concerned.

Conclusion

The suggestions of the First Ministers regarding a federal-provincial review of employment programs reflected the legitimate concern that such programs be effectively designed with full coordination between the two levels of government. In our view the importance of this task should not be underestimated. Neither, however, should the review be narrowly conceived. A review of specific employment programs can only follow an overall review of the appropriateness of the fiscal policy of the entire public sector. Once this is completed the experience of the recent past will aid in the determination of the appropriate program mix to be followed in the near future.

In our view a Sub-Committee should be struck now to deal with these two areas of concern, and a report should be expected by early summer.

STATEMENT ON THE FISCAL ARRANGEMENTS

I think all of us around this table appreciate the legislative time constraints facing your government in the next few weeks with respect to the need to ensure prompt agreement by Parliament to a revised Fiscal Arrangements Act to cover the 1972 - 1977 period, and naturally we are prepared to cooperate with you in whatever way we can, but there are several matters related to the revised legislation which Manitoba feels should be considered in some detail at this time because this will probably be our last opportunity to deal with these questions before the new arrangements take effect.

The Revenue Guarantee

Our first concern relates to the Income Tax Revenue Guarantee Provisions which are to be incorporated in the new Fiscal Arrangements Act. I understand that our officials had planned to meet to discuss this question about two weeks ago but were prevented from doing so by the airlines' strike. This is most unfortunate because it means that the serious reservations which we hold with respect to the technical quality and resulting adequacy of the guarantee methodology which has been proposed by your government have not yet been considered in the detail which I feel is warranted. Because of the importance of this matter for the long term budgetary planning of most provincial governments I would ask that every effort be made to reschedule officials' discussions of the revenue guarantee system as soon as practicable. In addition, I would ask that all available revised estimates of the relative revenue capacities of the "old" and "new" Income Tax systems be distributed to the provinces so as to facilitate discussions of the guarantee problem.

Provincial Tax Credits and "Selective" Provincial Tax Rate Changes

Another of our concerns related to Income Taxation — and particularly to the Tax Collection Agreements — is the apparent lack of progress with respect to discussions of the introduction of provincial tax credits within the Income Tax structure. As most Ministers will perhaps recall, Manitoba was the first province to make a formal submission on this subject. Our submission outlined several possible alternative tax credit systems and dealt with certain administrative procedures related to them. As yet, we have received no detailed response or reaction from the Federal Department of Finance. We feel that the basic questions at issue in connection with the tax credit problem from the viewpoint of the federal government should be primarily administrative, while considerations in respect of specific credit amounts and related questions — which fall within the area of responsibility of the provincial governments — need not be known

at this stage. In fact, we feel that discussions of several alternative administrative plans should proceed in order that provincial governments may have the broadest possible range of credit options open to them.

Once again, we would ask that the federal government indicate its reaction to our proposal, in a formal way if necessary, in order that joint discussions can begin on the development of a workable Tax Credit Plan. We continue to hope that such a plan can be operative by the spring of 1973 for retroactive application to the 1972 taxation year, but if this goal is to be met, it is clear that no further delays can be countenanced.

Closely related to the question of the provision of tax relief through a system of tax credits are the current restrictions on provincial Income Tax rates under our Collection Agreements. At our last meeting at Ottawa in November, I inquired whether or not the federal government — which had agreed to permit a flat rate retroactive income tax reduction by the Government of Ontario — might agree to a selective rate reduction by another province — a reduction which, because of its selectivity, could presumably be somewhat more equitable in its effect than a simple “across-the-board” cut. Subsequently, we were informed that Ottawa was not prepared to accept such a proposal on the grounds that a selective reduction could serve as a precedent which might ultimately lead to a breakdown in the uniformity of the present federal-provincial Income Tax structure.

We find it very difficult to perceive just how such a system would disrupt the uniformity of the Collection Agreements any more than the introduction of a variety of provincial tax credits plans. In our view, the uniformity issue has more relevance in relation to the tax base than it has to provincial tax rates. We have no alternative but to assume that by refusing to permit provinces a degree of flexibility in introducing somewhat more progressivity in their own tax systems than is now possible through the application of flat rates on federal taxes payable, Ottawa is endeavouring to continue to restrict the Income Tax revenue options available to the provinces, while retaining virtual control for itself over the most equitable of existing revenue sources. When this conclusion is viewed in the context of repeated statements by members of the federal government to the effect that under the new Income Tax system provincial governments will be required to “justify” their own tax increases, it becomes particularly significant and distasteful.

Manitoba of course acknowledges the value of uniformity in the Income Tax system. In fact, there is a close relationship between uniformity and equity and this relationship was one of the factors which led to our government's decision to renew its Tax Collection Agreement with the federal government. On the other hand, as I pointed out earlier, we feel that the question of uniformity relates more to the need for a common tax base than to the need for a standardized rate system and, moreover, we recognize the important equity benefits which could accrue to provincial taxpayers if provincial governments were able to introduce greater progressivity into their income tax systems. This is why we are anxious to proceed with the development of the tax credit plan — which can help promote this sort of progressivity. But, at the same time, we feel that the federal government should give further consideration to the possibility of providing at least some additional latitude for the provinces in the determination of their tax rates.

Equalization

Although most of the major issues involving the form of the revenue equalization arrangements for the next five years have already been decided — though not necessarily to the satisfaction of several provincial governments, it should be noted — there are certain questions which still must be dealt with. These include the treatment of provincial Succession Duty and Gift Tax revenues within the equalization formula, and the determination of possible limits for adjustment payments which may be made in any one year — both in respect of equalization entitlements and Income Tax collections. I expect that each of these matters will be discussed by our officials over the next few months.

Perhaps a more important consideration, from a longer term viewpoint, is the need for a continuing review of the equalization formula in order that changes may be made in the arrangements when necessary during the next five years, and in order that certain of the studies related to the possible improvement of the formula begun in the last few years (notably the study of the possible inclusion of municipal revenues) can be updated and expanded well before decisions must be made with respect to the arrangements which may follow the 1972 - 1977 period. I would suggest that specific federal-provincial review provisions should be incorporated in the Fiscal Arrangements Act — provisions which would require that annual progress reports be submitted to the Finance Ministers and that an overall evaluation begin no later than the end of the third year of the five-year program (March 31, 1975).

Stabilization

Turning to the revised provincial revenue stabilization scheme to be incorporated in the 1972 Fiscal Arrangements Act, I want to point out simply that Manitoba recognizes that the proposed increase in the revenue stabilization “floor”, from 95% of “own source” revenues in the previous year to 100%, represents an improvement over the former system but does not satisfy several provinces' concerns, including our own, with respect to the need for a broader and more responsive plan. Recent proposals by Saskatchewan and Quebec both appear to warrant further consideration. Presumably these schemes, which relate directly to general fiscal policy considerations, could usefully be evaluated in the context of the special employment programs review which we discussed previously.

The Post-Secondary Program

The final matter which must be dealt with in connection with the fiscal arrangements legislation is, of course, the Post-Secondary Program. On several occasions in the past, Manitoba has registered its dissatisfaction with the federal government's decision to apply a 15% ceiling on the federal share of post-secondary costs over the next two years, but this decision has been made and it appears that it will not be reversed or modified. An important outstanding question remains, however, what sort of financing arrangements will replace the Post-Secondary Program at the end of 1973/74? It has been stated that the results of a general Federal-Provincial Review of Higher Education Programming now underway under the direction of Education Ministers will play a large part in determining the form of the new arrangements and the relative roles of both levels of government in the post-secondary field in the years ahead. For this reason, I think that we as Finance Ministers should request that we be given regular progress reports on the current study — such reports to commence at our next meeting.

STATEMENT ON FEDERAL HEALTH PROGRAM FINANCING PROPOSALS

The position of the Government of Manitoba with respect to the federal government's series of proposals for revising the financing arrangements for the major national Health Insurance Programs is, I think, well known to many of you around the table. At our conference in Ottawa last November, I did my best to make it as clear as possible — and to emphasize that it had remained basically unchanged over the course of the last year.

Since that meeting, a further revised version of Ottawa's Financing Plan has been put forward — purportedly in response to the concerns which all of us voiced about the earlier proposals — but, as far as I am concerned, this latest revision represents only minor improvements and remains wholly unacceptable to our province.

As you are aware, we have consistently opposed attempts by the federal government to apply arbitrary, arithmetic ceilings on expenditures in all the major shared cost program areas on the grounds that such controls — by definition — fail to provide allowances for provinces with relatively weak fiscal capacities to upgrade their service standards, to narrow the gap between their services and the services provided by wealthier provinces, and to maintain their services at these levels, once they are attained.

For this reason, we have rejected the concept of a per capita G.N.P. escalator as a means of holding down health program costs — and though Ottawa has attempted to increase the attractiveness of its plan by adding small, additional percentages to the G.N.P. growth factors in its latest proposal — it is still totally inadequate to ensure that the health care needs of our citizens are met.

While Manitoba rejects this attempt by Ottawa to impose an artificial limit on its responsibilities under the very health programs which it initiated, we fully support the development of a realistic plan for effecting cost de-escalation in the health service area and we hope and expect to have full federal participation in such a plan. Our concern at this stage is simply that progress toward the slowing down of cost increases in the health care area cannot be accomplished without regard for special provincial requirements. An aggregate economic indicator such as G.N.P. — which bears no relation to health program costs or quality and, more important, no relation to health care needs — simply cannot serve as the basis for determining programming decisions in the years ahead.

As for the other elements in the latest revised Federal Financing Plan — the proposed extension of the arrangements from five years to six, the advancement of the "base year" from 1970/71 to 1971/72, the provision for a continuation of present arrangements in 1972/73 (with 1973/74 to be the first year of the new system, though expenditures in that year would be "guaranteed" to old system levels) — all of these seem to represent some improvement over earlier proposals, but again, the improvement is relative — and insignificant in relation to the potential harm the overall plan implies for the future health programming of provincial governments.

Under the latest proposal, financing arrangements would terminate at the end of 1977/78 instead of 1976/77. In simple terms, the full effect of the G.N.P. escalator on provincial programs would be delayed for one year. At the same time, Ottawa has promised no additional thrust fund assistance, so presumably the insufficient amounts already promised — some \$29.2 million for Manitoba — would have to be spread over 6 years instead of 5. Furthermore, in its September, 1971 Revised Proposal, Ottawa promised to include a 5-year termination notice provision similar to that now in effect under the Hospital Insurance Program. It is perhaps significant that the latest federal proposal put forward in December does not seem to include such a provision.

The change in the base year from 1970/71 to 1971/72 may signify some improvement inasmuch as 1971/72 is the first year in which all provinces are participating in the Medicare Program for a full 12 months, but certain other influences — notably the uncertain state of the economy, particularly when 1971/72 Budgetary Plans were being finalized, plus the establishment of "informal" Federal Treasury Board expenditure targets for the current year — no doubt had an effect in holding down provincial expenditures.

Any magnanimity which might be attributed to Ottawa as a result of its decision to "permit" the continuation of existing sharing arrangements in 1972/73 under its latest proposal would be illusory at best. Provinces have every right to expect full cost sharing in 1972/73 under the terms of their present arrangements with the federal government. The Medicare legislation does not terminate until March 31, 1973 and, as I mentioned earlier, the Hospital Insurance Program has a five-year termination notice safeguard incorporated in it.

In connection with these two years — 1971/72 and 1972/73 — I might point out a further concern we in Manitoba have with respect to the Federal Plan — that is, Ottawa's apparent wish to ensure that provincial and federal expenditures remain approximately in the same ratio through the period of its proposed arrangements. In proposals which were released in September, 1971, specific ratio information was presented which naturally favoured Ottawa in that it included *all* health expenditures on the provincial side — including capital — and only Health Insurance contributions on the federal side. According to the September figures, which were based on 1970/71 data, for every \$43.30 spent by Ottawa, Manitoba would have been required to spend \$56.70.

While similar data for 1971/72 have not been included with the documentation received thus far in connection with the latest federal revision, it is important to note that an identical general ratio stipulation was included in the introduction to the December proposals. Though a general decline in Ottawa's percentage share of total health costs could be expected as a result of the introduction of its proposed financing system, this might not be sufficient to offset the added burden of the application of these sorts of ratio requirements for provincial expenditures.

Like most other governments, we have studied the alternatives to the federal proposals advanced by such provinces as Quebec and British Columbia. The Quebec Plan — put forward in mid-December — seems to offer certain improvements over the federal scheme, but like Ottawa's proposal, it accepts the concept of an arbitrary escalation factor related to G.N.P. growth and consequently would appear to be unacceptable to us in its present form.

The British Columbia proposal, on the other hand, appears worthy of considerable support. B.C. has advocated the extension of present sharing arrangements coupled with allowances for sharing of home care, intermediate care and community health care unit costs. In many ways, this plan duplicates the submission which the Prairie Economic Council made to the federal government in December of 1970. In that submission the Council requested that Ottawa permit immediate sharing of alternative care expenditures under the Hospital Insurance program in order that provincial governments could begin at once to introduce a greater measure of cost effectiveness in their health programs. This submission was later rejected by the Prime Minister on the grounds that overall financing negotiations were not likely to be protracted and that basic questions with respect to such issues as alternative care financing could be better dealt with in the context of those broader discussions.

Subsequent delays in negotiations seem to have borne out the Council's concerns about the need to begin immediately to redirect programming where possible and I think it is significant that the three prairie provinces once again reached a consensus at a meeting a few weeks ago on the urgent necessity of finding joint solutions to cost escalation problems. Following is an excerpt from the communiqué released by the prairie Premiers following the Prairie Economic Council meeting:

"Some method must be found. . . to control the rapidly escalating costs of health care and to provide a more effective health care delivery system. But to take realistic steps in this direction. . . less costly methods of delivering health care must be cost shareable with federal participation."

From Manitoba's viewpoint, the following factors should form the basis for any new health financing arrangements:

1. The plan must be flexible to allow provinces to move toward more effective alternative delivery systems while maintaining and, where possible, improving service standards.
2. Federal support must be adequate, not only to meet the demands placed on existing services — demands which will continue to be high, especially in any transition period while new programs are being initiated — but also to cover the necessary large costs of effecting a program redirection of the magnitude required to ensure long run cost de-escalation. Capital (including equipment), research, retraining and other costs must be met — and sufficient federal assistance is essential. In this connection, it seems clear that the present federal plan — with its G.N.P. escalator and its relatively small Thrust Fund — is not adequate to provide the financial impetus we require to keep up existing services and to develop new services simultaneously.
3. Federal support must be allocated in such a way as to recognize the special needs of various regions in Canada as well as the fiscal capacities of the different provincial governments to meet these needs.

In our view, the most practical solution would involve the continuation of present basic sharing arrangements — though modified to permit greater flexibility for the provinces — to cover present program demands, coupled with an adequate Thrust Fund directly related to the projected costs of effecting

program redirection on the scale we know to be necessary if any savings are to be realized in the foreseeable future. Such a financing plan would require more — not less — support from the federal government in the short run, but Ottawa has already received the assurances of all the provinces that they are fully committed to making every effort to introduce greater cost effectiveness within their programming, so there is little chance that increased federal assistance would be misdirected.

The main concern we have, and I think it is shared by all provinces, is that if we approach the problem without adequate federal support, we could find ourselves not only failing in our efforts to introduce more efficient new services, but also in our efforts to maintain what we have already developed. It is for this reason that Ottawa must bear a full share in these redirection efforts appropriate to its budgetary position and its past and present responsibilities in the health care field — including its responsibility for having initiated the two major Health Insurance Programs which we all agree must be changed.