

THE LEGISLATIVE ASSEMBLY OF MANITOBA
8:00 o'clock, Tuesday, March 27, 1973
BUDGET SPEECH

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker and Honourable Members:

From the time that Manitoba's first formal links with Canada were established, the people of our province have retained a strong and deep-rooted acceptance of democratic ideals, a pride of heritage, and a lasting respect for individual initiative, and a determination to strive for economic and social progress.

In the four years that our government has been privileged to serve the citizens of Manitoba, these basic values have led to widespread support for new and responsible policies for economic and social reform. During our New Democratic Administration the people of Manitoba have been in the forefront of efforts to achieve greater economic equality and social justice, and have proved - by example - that these goals can be achieved by a realistic and judicious combination of private and public enterprise.

This is the fifth budgetary presentation that our government has submitted for the consideration of this Legislative Assembly. Traditionally, I suppose, Sir, First Ministers in new governments often assume the finance portfolio initially, later relinquishing it to other members of the Executive Council. In the case of the Government of Manitoba, however, the reverse has happened.

I would like at this time to express my gratitude in a formal and fitting way to my colleague, the Member for St. John's, who undertook the challenge of directing the Finance Ministry from mid-1969 to November 1972. During that period he prepared four major budgets and supervised the detail of implementation of several of our government's most important early fiscal policy measures.

The fundamental elements in our earlier budgetary presentations have included the following main points: Desire for fairer taxation; a more equitable distribution of the benefits of Manitoba's economic development; and also a desire for more efficient management of the province's finances. These remain our government's primary fiscal priorities, and they are the principles on which this, our fifth budget is based.

I understand, Mr. Speaker, that tonight is Academy Awards' Night, and I would say that I was advised of this, Sir, about an hour ago and I must say that I think the coincidence is most appropriate because our budget for 1973-74 is an Academy performance in two parts. In the one sense relating to results already achieved, and in the second part having to do with the current 73-74 budget proposals now to be announced.

But before I present our government's specific budgetary proposals for the next fiscal year, I think it is important to review briefly the economic context within which these plans have been formulated.

Manitoba's economy exhibited strong growth in just about every sector in 1972. By the end of 1972, almost all the major traditional economic performance indicators stood at record levels, at historic highs for our provinces.

The most recent revised estimate of the value of gross output of Manitoba goods and services in 1972 indicates a total of approximately \$4.5 billion - up by an estimated \$435 million or about 10.8 percent over 1971. This was the largest growth rate since 1962 and exceeded the 10.6 percent increase in Canada's gross national product last year. By the end of this year, it is expected that Manitoba's gross provincial product will approach \$5 billion.

So, in the four years from the end of 1969 through to the end of 1973, total income from our province's economic development will have grown by about \$1.5 billion, or about 40 percent. This means, in aggregate, an increase of \$1 million in output and income for every day of each of the last four years. This is as about as much growth Sir, in four years as was recorded in the nine years prior to that. And so that's why I said, Sir, that this is an appropriate coincidence because that is performance.

Preliminary estimates for 1972 indicate that aggregate personal income in Manitoba grew by about 11.9 percent over the total for 1971 somewhat more than the National average increase of about 11.7 percent. Growth in personal income per capita last year was 11.5 percent, and our increase in -- and note this, Sir -- our increase in "after tax" income per person was almost 12 percent -- the second highest of any province in Canada between 1971 and 72 -- and the highest in Manitoba in over 10 years.

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(MR. SCHREYER cont'd)

Manitobans realized a further advantage over residents of many other parts of the country last year because inflationary trends in this province were less severe than elsewhere and I know that honourable members opposite, and on this side, share a solicitude with respect to the problem of inflation; but between 1971 and 1972 the average monthly consumer price index for Winnipeg increased by 3.8 percent while for Canada or Canadian cities as a whole, the increase was 4.8 percent -- a full percentage point differential favourable.

Of course, in the past, our government has been the first to emphasize that substantial growth in total output and income may have -- and this is true -- substantial growth in output and income, may have little real tangible meaning for many people unless this growth is transformed into real income benefits in terms of the overall distribution of these benefits among our citizens. Fair distribution of increments and wealth or purchasing power is essential in our time.

This is why our government has placed so much emphasis on tax policies related to the ability-to-pay principle. It is obvious that despite recent improvements, far too many individuals and families in our province -- and in all other provinces throughout Canada -- still have insufficient incomes to enjoy an adequate standard of living. This is why we have concentrated our tax relief measures on providing the most assistance to those who need it most -- those in low and middle income families.

Besides promoting equity, tax reductions based on the ability-to-pay principle can also have an important and immediate economic impact in terms of added spending power for the vast majority of our citizens. Graphic evidence of this expansionary effect of our past budgetary policies may be found in the rather interesting statistic of Manitoba's retail sales for 1972. Manitoba's retail sales for 1972, were almost \$1.5 billion -- an increase of 11.5 percent over the previous year. Growth in retail trade in Canada as a whole was 10.7 percent in that same period.

Manitoba's increased retail sales in 1972 were paralleled by sizeable gains in manufacturing in our province. The value of factory shipments increased by 11.9 percent to approximately 1.5 billion last year. Throughout Canada, factory shipments grew by an average of 9.4 percent -- a full 2.5 percentage point differential again favourable to our province.

According to preliminary figures, total investment in Manitoba in 1972 also reached a record high level for our province -- over \$1.2 billion. This amount represented an increase of around 14.3 percent over the 1971 total -- the highest percentage increase for any province -- and substantially in excess of the 6.4 percent average indicated for the entire nation. And lest it be said that investment intentions were pessimistic, low and inadequate, etc., I have provided the Assembly the actual '72 figures, not any prognosis or prediction. Those are the facts.

In the primary resources sector, the aggregate value of production grew by 8.2 percent, from \$915 million in 1971 to \$990 million in 1972.

The largest increase in the primary sector was of course and happily agriculture, where the total value of agricultural production expanded by almost \$90 million or 16 percent, from \$552 million in 1971 to \$641 million in 1972.

This increase in the value of agricultural output was reflected in the cash receipts of Manitoba farmers which reached \$485 million last year -- up 27 percent from 1971. Cash receipts from crops totalled \$233 million -- or a 40 percent increase over 1971. This exceeded by \$33 million the previous record of \$200 million set back in 1966. Cash receipts from livestock also grew considerably -- by almost 15 percent -- to a new high -- historical high of \$236 million in 1972.

Although the incomes of many of our agricultural producers are still not entirely adequate, the gains in 1972 are most welcome. The Manitoba Government is committed to make certain, through its increased emphasis on improved agricultural programs and its adoption of the "stay option" as a basic economic development principle, that the incomes of farmers, and rural residents in general, the residents of small towns and villages and rural centres, will grow substantially in the years ahead.

In mineral production, a decrease of slightly under 6 percent in the value of output was experienced in 1972 compared to 1971. However, it should be noted that the total value of mineral production last year -- 311 million -- remained at a level higher than achieved during any of

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(MR. SCHREYER cont'd) the years of the 1960's, or any of the years before that back to the founding days of our province.

For the first time in 1972, the value of production from the forest industry exceeded \$30 million. The 1972 total, \$31 million, was up 17 percent from the \$26.5 million total for the previous year. In large parts, this represented the increased activity generated by the forestry complex at The Pas. The higher totals for recent years.

A MEMBER: You didn't have very much to do with it.

A MEMBER: You just keep saying that . . . right through the election. . .

A MEMBER: When we took over it started to produce.

MR. SPEAKER: Order!

MR. SCHREYER: I'm reminded of some 19th century British Parliamentarian who once said that the crackle of thorns under the pot is like the laughter of fools from my honourable friends.

I would simply say as an aside to my honourable friend that the . . .

MR. SPEAKER: Order, please.

MR. SCHREYER: Well on second thought, Mr. Speaker, I won't say anything aside to my honourable friends.

In the construction industry it appears that 1972 was also a record year. Preliminary estimates indicate that the total value of construction in the year just past was approximately \$809 million -- up about 16 percent over 1971.

Housing construction, one of the major components of total building activity, continued to increase markedly. There were a record number of dwelling unit starts in the province in 1972 -- over 12,000 -- up by some 12.7 percent over the 10,700 starts recorded in 1971. About 4,900 of the units under construction last year -- or about 40 percent of all of them -- were single detached dwellings; these individual home construction starts represented an increase of 31 percent over the total in 1971 and almost 60 percent over the number in 1970.

Increased activity in the primary sector and in secondary manufacture and service industries was reflected clearly in employment figures for 1972. Total employment in Manitoba increased by some 13,000 jobs last year. These new jobs helped bring about a decline in the Province's average unemployment rate from 4.9 percent in 1971 to 4.5 percent in 1972.

This increase in employment and in new jobs is attributable in large part to the strong expansionary influence of government budgetary policies in recent years. Some people, Sir, may choose to call our winter works projects as pyramids; but Sir, they are priorities decided upon by locally elected municipal officials who I think know what they are doing and the useful projects built by their decision also have helped to create many jobs. It is estimated that the combined direct effects of the provincial employment program, the capital works acceleration program, and the special student summer employment program, represented some 45,000 man-months of work during the year just past.

The government proposes to continue these very successful job creation measures in 1973. In addition, we have introduced a new \$14 million municipal capital works assistance programs, using funds available to us in the current year. Legislation will be presented to the House in the near future, under which local government employment-intensive projects may be financed by the province, partly through loan and partly through forgivable loans or grants based on man-power costs. It is expected that this new program will provide much-needed assistance to communities throughout the province, allowing them to undertake useful capital works projects which would not otherwise have been possible, and, at the same time, creating new jobs.

This concept of a special fund is not exactly new, Sir. Up until about 1958 or 1959 Manitoba did have a special fund for \$13-1/2 million I believe, called the War and Post-War Emergency Fund; but over the years between 1958-59 to 68-69, or ten years, that fund was drawn down and down and down until it was depleted practically. And we, Sir, are replenishing that fund, we are replenishing it, which I would think is only prudence in action.

The initial response to this program from municipal governments has been extremely favourable. The project applications received to date from municipalities suggest that the program will play a large part in supporting the development of new community facilities and municipal public works in both rural and urban areas and also in the northern region of our province.

Earlier I had noted for the Assembly, Sir, that Manitoba's unemployment rate decreased

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(MR. SCHREYER cont'd) from 1971 to 1972. During 1972, Manitoba's average unemployment rate of 4.5 percent was a full 1.8 percentage point, below the 6.3 percent average rate of unemployment for Canada as a whole. And, it was among the lowest rates reported for any province in our nation.

SOME MEMBERS: Hear. Hear.

MR. SCHREYER: During the past few years, Manitoba has urged repeatedly that the Government of Canada commit itself to a definitive full employment policy for our country and introduce major new measures to stimulate the economy and to create jobs for young people. Ottawa has responded only recently, and it appears very doubtful that the combined effects of the measures it has adopted thus far, although these measures belated as they are, will be helpful, it is doubtful that they will be sufficient to generate the required expansionary thrust necessary to reduce national unemployment by more than a marginal amount in the remaining part of 1973.

This has made it all the more imperative, Sir, that our government in Manitoba continue its own efforts to stimulate the economy to the full extent of the budgetary resources available to us.

Federal fiscal and economic policies, along with a number of other important topics, were discussed at a meeting of Federal and Provincial Ministers of Finance of Ottawa in mid-January of this year.

Also considered at that conference was the problem of Federal-Provincial revenue sharing. Every study of Canadian government finance in recent years has shown conclusively -- and I believe there is unanimity among the provinces on this -- that the expenditure pressures and responsibilities on the provinces and the municipalities together, have grown much more than those pressures and responsibilities on the Federal Government; and at the same time, the revenue capacities of the provinces and municipalities have grown far less quickly than those of the federal government. Consequently there was virtually complete agreement among the Provincial Governments at the January Conference that Ottawa ought to grant provincial authorities, and therefore municipalities, greater access to more progressive revenue sources if further extensive reform of provincial and municipal tax structures are to be undertaken to reduce the burdens of regressive forms of taxation. The Government of Manitoba has made it clear that we support the parallel principle of sharing revenue from our more progressive provincial sources with local municipal government. Our firm intention to proceed in this direction was confirmed in a policy statement by my colleague issued earlier this year.

Among the initial steps recommended to the Federal Government by Manitoba to improve provincial and municipal revenue positions was an increase in revenue equalization transfers, to be accomplished by including municipal property tax revenues in the equalization formula. This suggestion was accepted in part by the Federal Government and was just recently incorporated in the February Federal Budget, and as a result of this desired change Manitoba will now receive approximately 10.8 million dollars in additional equalization revenue in fiscal 1973 - 74 related to school property and local taxation. This sum is not large though in relation to the total property taxes in the province; and it is not large I might add, Sir, to the amounts received by some other provincial governments that are in receipt of equalization payments. In fact it is worth noting by this Assembly that among all the provinces that received equalization under the Federal-Provincial tax arrangements, Manitoba receives by far the least amount of equalization per capita, which means that we are in a position, I suppose that we would like to be in, that we are so close to the Canadian average as a province, that we are less dependent on equalization payments than any of the other six provinces receiving same.

In addition to the agreement among the provincial governments at the January Conference with respect to the need for new general revenue sharing arrangements, almost a complete consensus was reached on the desirability of a more flexible financing system for a number of the major national conditional grant programs. These programs, including hospital insurance, medicare and the post-secondary education program, are administered by the provinces but are financed on a cost-sharing basis by both federal and provincial governments.

It has been recognized for a number of years that rigid cost-sharing restrictions,

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(MR. SCHREYER cont'd) conditional grants in other words, in the hospital insurance program have led to an undue and inefficient emphasis on costly acute care facilities and have made it extremely difficult for provinces to introduce less expensive, though often equally effective alternative care services. Similar rigidities have hampered the achievement of optimum efficiency and improved service delivery in the areas of medical care and post - secondary education.

The questions of new program financing arrangements and general revenue sharing will be discussed once again at a joint conference of finance, health and education ministers which has been scheduled for mid-April.

I should also add at this time, Sir, a point which I omitted making just a minute or two ago. That as a result of the expanded equalization formula which now takes into account municipal revenues, and which results in Manitoba receiving \$10.8 million more in equalization payments, that all of it will be passed on to local governments-- all of it and much more. And I should also advise, Sir, that not only will all of it be passed on but much more than that will be passed on.

A MEMBER: Doom and gloom!

MR. SCHREYER: Prior to the meeting, the joint financial, health and education ministers meeting that is to take place in a couple of weeks, well prior to that, Mr. Speaker, at the end of this week, the Premiers of Saskatchewan, Alberta and British Columbia will travel to Winnipeg to attend the first meeting of western Premiers. It's a historic occasion. It's this coming Friday. It takes place here and I hope honourable members will show their Manitoba hospitality in greeting the premiers when they will be in this Chamber hopefully on Friday morning next.

The topics that we hope to deal with at this meeting on Friday will relate directly to the economic development of Western Canada and to the planned federal-provincial conference on western economic opportunities to be held sometime this mid-summer in western Canada.

The Government of Manitoba regards these meetings as extremely important for the future of our province. The Throne Speech marking the opening of the current session of Parliament in Ottawa appeared to indicate a growing awareness at the Federal level of at least some of the special problems of western Canada. It will be most interesting to see if this apparent recognition of the validity of the concerns our government has voiced on so many occasions in recent years will lead now to some tangible concrete federal action.

We would be interested to know, for example, if Ottawa will take the initiative now in proposing needed amendments to the Bank Act to make possible the establishment of regionally based financial institutions. But, Sir, as I turn to the honourable the Member for Rhineland, I say, very quickly, that regionally based chartered banks would be of only small and marginal benefit to western Canada unless those banks are based on a widely held, on a widely, publicly held movement such as the Credit Union movement and the Caisse Populaire. If there is to be a regional bank, let it be so based on the Credit Unions and Caisse Populaire. Let it be based also including meaningful participation by the Crown, the instrument of the people.

In addition, we will be interested to learn if the Federal Government will be willing to take steps to end freight rate inequities, to halt undesirable rail-line abandonment and to improve Churchill's position as a seaport. We should be interested, and we will be to learn whether there will be any interest on the part of the Government of Canada in involving the Federal Crown in providing extra season shipping insurance, or if not that, at least of providing re-insurance to a Manitoba Crown insurance agency that would be prepared to underwrite the basic part of extended season insurance relating to the Port of Churchill.

It is hoped that positive Federal responses will be forthcoming in all these areas and that the meetings will lead to tangible progress in securing for Western Canadians in general, and for Manitobans, a more equitable share of the benefits of Confederation, fully commensurate with our contribution to the development of the Canadian nation.

Mr. Speaker, earlier in the address this evening I summarized some of the major factors underlying the substantial growth experienced in the Manitoba economy during 1972. This growth and buoyancy in our economy were reflected in somewhat higher revenues for the 1972-73 fiscal year than were originally forecast last spring.

In addition, the government's general revenues were augmented by an increase in unconditional transfer payments from the Federal government resulting from revised federal

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(MR. SCHREYER cont'd) calculations of Manitoba's equalization entitlements for fiscal 1972 and for years going back even prior to that. But I want to make it clear, Mr. Speaker, that I am not being critical of either Federal or Provincial estimates that were provided last year, because if I were to be critical then I would have to be more critical still of the Honourable the Leader of the Opposition who for two years in a row has prognosticated or predicted that we had succeeded in over-estimating our revenues and deliberately I think, he said, under-estimating our expenditures.

As a matter of fact Mr. Speaker, I refer to page 975 of Hansard of May 17, 1971 and also to Hansard of April 10, 1972, and in both context the Honourable the Leader of the Opposition, and I will quote now, indicated "The budget promises vast increases in government spending. It reveals that the money has run out, that we can expect large tax increases within twelve months." (applause) Mr. Speaker, those twelve months are up now and we shall see whether or not the money has run out and whether there are tax increases.

A MEMBER: Who said that?

MR. SCHREYER: The Honourable the Member for River Heights, the Leader of the Opposition. He went on to say, Sir, "That the statements of projected expenditure are conveniently low and the projected revenues are certainly optimistic." In other words, high.

Well, Mr. Speaker, let the facts be known. It is twelve months later; the facts are exactly perfectly the opposite of what he said would happen. The facts are, Mr. Speaker, that expenditures, the end of this fiscal year are not low, in fact, if anything, we over-estimated the expenditures last year, and we didn't over-estimate our revenues in retrospect -- it seems we have under-estimated them. In other words, exactly the opposite of what he said. So there...

A MEMBER: What say now doom and gloom?

MR. SCHREYER: There have been revenue increases, Mr. Speaker, resulting in part from federal calculation adjustments, provincial forecasts and calculation adjustment, that in combination with increased equalization payment, and all of that also in combination with the fact that we have \$8 million in under-expenditure from estimates of last year, so all of this taken together has resulted in an excess of current account revenues over original estimates of approximately \$43 million for the 1972/73 fiscal year. (Applause)

Mr. Speaker, this will be the disposition of it:

Of this amount \$28 million will be applied to pay for property tax reduction benefits under the Manitoba Property Tax Credit Plan. This obligation, Sir, having been incurred by statute passed in this Assembly in 1972, and applying as it does to 1972 school taxes and rebates thereon, makes it logical that the money to pay for it should be taken from the current year's revenue surplus.

In accordance with the provisions of the Financial Administration Act and with the precedent established over ten years ago, \$42 million will be carried forward into the 73/74 fiscal year. This total includes the \$28 million for the tax credit plan which I have just referred to a moment ago.

It is estimated that the final surplus on current account for fiscal 1972 will be approximately \$1 million when the books are closed at fiscal year's end.

And so, Sir, when I began this budget statement earlier, at the very beginning this evening, I reiterated the fundamental fiscal priorities of our New Democratic Government: Fairer taxation. A more equitable distribution of the benefits of Manitoba's increased economic development; and efficient management of the province's finances. Each of these principles has been reflected fully in the budgetary policies which our administration has adopted since 1969.

The first principle of fairer taxation guided our initial major budget decision after we took office -- the reduction of regressive -- and believe me, Mr. Speaker, there is no other word to describe flat premium or poll taxes than to call them regressive. So we reduced them by over \$100 per family per year; cut it in half in the first year of office.

Part of the revenue loss resulting from this reduction in inequitable premium taxes was offset by an increase in progressive income taxation, so that a larger portion of the cost of health care would be supported by the form of taxation which most closely reflects people's ability to pay. For over 80 percent, for over 80 percent of Manitoba families and individuals, the combined effect of these two measures represented a significant tax cut, because their total

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(MR. SCHREYER cont'd). . . . combined income taxes and premiums were lowered appreciably compared to 1969.

Nothing in honesty can alter that fact, Sir, the fact that 80 percent of the families of Manitoba have a lower combined tax burden than they had prior to 1969, and this is before tonight's changes.

Since our first budget, Mr. Speaker, a number of additional tax reductions have been implemented. In each case, the ability-to-pay principle determined the method by which these reductions were applied.

Following the health insurance premium cut, our government turned its attention to another regressive and therefore less desirable form of taxation -- that is municipal property taxation -- which for many years has weighed most heavily on those in low and middle income groups -- and which, of course, still does.

In subsequent budgets, we introduced measures to reduce the unfair burden of these property taxes by increasing the province's share of education costs under the foundation program from 70 percent to 75 percent, and last week to 80 percent. In the coming year the foundation program will distribute some \$150 million to school division throughout the province.

Only five years ago the Foundation Program in its entirety provided only \$101 million.

Now who was it opposite who was saying that the Foundation Program has not been enriched in recent years. Well whoever said it, Mr. Speaker, it's false. Whoever said it, Sir, it's false. It's been increased by some \$48 million in four and a half years.

A MEMBER : How do you like that.

MR. SCHREYER: We also implemented a Special School tax reduction Plan in 1972 to help alleviate school taxes. Under this program 50 percent of school taxes up to \$50.00 was provided by way of school tax relief for a total aggregate budgetary cost to the Crown of \$12-1/2 million.

Finally, and most important, last year we introduced a new program, the \$28 million Education Property Tax Credit Plan, with benefits ranging generally from \$50.00 to \$140.00 depending on income levels, and that's as it should be, depending on income levels, and on total direct school tax burdens, or rental equivalents. And I should point out for the edification of my honourable friends opposite that Ontario and now Alberta have joined in similar programs. Ontario had this program, Sir, for the past couple of years; Alberta has announced in recent months that in many similar ways they are proceeding with this kind of approach.

In addition, to this, Sir, the province has also increased its expenditures on direct and indirect assistance to local governments and school divisions in order to reduce, or alleviate or cut down the amount of increase of property tax burdens.

The second budgetary principle, Mr. Speaker, a more equitable distribution of the benefits of Manitoba's economic development, has also been manifest in every one of our budgets since 1969.

Throughout the last few years our fiscal policy has been designed so as to have expansionary impact. And despite the negative influence of certain mal-decisions, wrong decisions of Federal policy back in '69 and '70, the success of our Manitoba development program is evident enough in virtually every economic statistic that I have cited earlier this evening.

Equally important, the benefits in terms of the real income benefits, of Manitoba's development have been increased for the vast majority of our citizens through programs such as I will enumerate now, Sir, very quickly -- real income benefits have accrued to a majority of our citizens such programs as:

Low Cost Housing, which has made more decent living accommodation available to many people for the first time in their recollection;

Public Automobile Insurance, which has reduced premium costs for many if not most Manitobans;

Public Automobile Insurance, which makes it possible to retain a constancy of rates and premiums when everything else in this world seems to be going up.

Many special programs for elderly people, including the Pharmacare Program, and the Health Insurance Premium exemptions announced in the Throne Speech earlier this Session. And the pensioners -- yes, should I mention it? The Pensioners Home Repair Program. I don't know whether it would have struck previous governments, or governments of other philosophy that it was some how too mundane, or too picayune, or not important enough to

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(MR. SCHREYER cont'd) engage in a program such as Pensioner Home Repair. But Mr. Speaker, for pensioners living in their own homes, living on fixed incomes, usually inadequate, nothing can be more heartwarming and a better indication of good faith on the part of society at large than a program exactly such as that.

And the extension of the Health Insurance Plan to cover nursing home services and home care, free legal aid, compensation for victims of crime, What is the function of society? To protect the individual against criminal acts? Certainly that's one of the most elementary functions of society. But up until recently if a person were victimized all he got was sympathy. Now he gets compensation that will help him or her buy bread, and more than that.

Consumer Protection Programs to prevent unfair trade practices; Improved Recreational and cultural facilities throughout the province, and there's been a great change in the face of the province with respect to the number of communities that for the first time, thanks to the Recreational Capital Cost Assistance grants many communities are now able to make renovations and to build new recreational community facilities.

Marketing and other forms of assistance to gain a greater diversity in our agricultural production.

Expanded higher education services with relatively low tuition, and so on.

The list is not infinite, Mr. Speaker, but relative to the past it's almost infinite.

In exactly the same way that lower taxes increase real income benefits, each one of these measures guarantees for an overwhelming majority of Manitobans a fairer share of the economic wealth that their labours have created.

And finally, turning to the third of our basic fiscal principles, efficient management of the province's finances, I need only refer to the main expenditure estimates for the 73/74 fiscal year to illustrate the effectiveness of our government's programming to date.

The overall increase in the main estimates which are the Estimates providing for services and programs, 6.8 percent over total appropriations for the fiscal year ending March 31, 1973, is one of the lowest increases in recent years. Within the estimates themselves there is further evidence, in the growth rates for major departments, that our administration has been able to accomplish significant program modifications, and expanded services, at minimal additional cost.

I would now like to outline a few of the items included in these main expenditure estimates which my colleagues in the Executive Council have not yet had an opportunity to discuss in Committee of Supply.

First, in connection with the proposed expenditures of the Department of Education, members will be interested to know that as a component of our Government's policy of providing a "stay option" for residents of rural Manitoba communities, an amount of money has been included, modest as it may be, in the main estimates to initiate a small schools project for rural Manitoba -- intended to demonstrate the value of retaining wherever possible, smaller local schools at the primary grades level without having necessarily to sacrifice loss of education achievement.

In addition -- now that in itself, Sir, is an interesting concept which I would very much like to develop but not just here this evening. --(Interjection)-- The Member for Swan River says the Little Red School House. Mr. Speaker, I'm tempted now, Mr. Speaker, but I'll resist the temptation to refer to the little red hen, the Member for Morris, but I go on.

The project will make available planning grants to school divisions with a high proportion of small schools to stimulate and facilitate, or make easier, the planning of changes in the educational delivery system appropriate to these smaller rural schools. And holding out some hope, therefore, that they need not necessarily be closed down consolidated into always larger schools.

In this way, the students and the community will be offered a level of educational service that is at the same time in no way inferior to that of urban areas, and takes full advantage of the inherent strength of the small school in meeting the psychological and social needs of students.

There is something nostalgic about small schools, Mr. Speaker; I am one of the products of small schools. We need not be apologetic for small schools. There are a few things that need be done to enhance their effectiveness and that's what this is all about.

The main estimates for the department of health and social development, under the

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(MR. SCHREYER cont'd) appropriation for income security programs, include an amount of approximately \$3.9 million for adjustments to social allowances required to compensate for increases in the cost of living since the last adjustments were made in 1969. This total also includes provision for modifications in the basic rate structure to correct certain discrepancies -- particularly in the allowances for clothing.

The increases in assistance to social allowance recipients will range from 12 - 14 percent, which is in line with changes in the cost-of-living index since the last adjustments were made in 1969. Within the past few months a number of other provinces, including Ontario and Quebec, have also implemented cost-of-living adjustments. The Ontario increase was apparently around 10 percent, while in Quebec, for adults, increases ranged from 11 - 13 percent.

As is indicated by the expenditure totals shown in the main estimates, the largest number of social allowance recipients are in the mother's category and the aged or senior citizen's allowance categories, and these groups will receive the bulk of the additional assistance provided by these cost-of-living adjustments. At the end of February, there were about 7,600 mothers' allowance recipients and around 9,200 persons in the senior citizen social allowance category.

Allowances for the infirm and handicapped totalled some 3,300, and unemployables accounted for another 4,400 cases. Day-care assistance, home-care and student aid clients numbered about 1,400, and there were about 800 general assistance cases as well, for an overall caseload of about 26,700.

As a complement to the rate adjustments, a new work incentive plan will be incorporated into the social allowance system to encourage the relatively small number of persons receiving assistance who are able to work, but who are not employed, to seek jobs. These incentive arrangements will permit persons receiving social allowances to retain the greater of 70 cents per hour or up to 30 percent of their earnings, while the remaining 70 percent will be offset against their social allowance entitlements. This will increase the desirability of regular full-time and part-time employment.

In addition, the government is making progress in the development of work activity projects in various parts of the province, and efforts are under way to broaden opportunities for vocational adult training and access to existing Manpower programs for general assistance recipients who are able-bodied and therefore able to work.

. continued on next page.

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(MR. SCHREYER cont'd)

SUPPLEMENTARY ESTIMATES - 1973/74

At the conclusion of my address, I will table in the House Supplementary Expenditure Estimates for the 1973/74 fiscal year.

It should be pointed out at this time that, that although these estimates pertain to proposed expenditures for the fiscal period April 1, 1973 onward, they were not included with the main estimates tabled earlier this session because each item represents either a reduction in taxes or a reduction in the cost of services, and, as such, each is of the type traditionally announced in a budget presentation.

The first amount in the Supplementary Estimates is, as I explained earlier, the \$28 million required to cover the cost of the education property tax credit plan on 1972 school taxes, which is going out now -- going out now through the income tax form, I mean.

Although the Credit Plan was announced in last year's budget, and is applicable to 1972 income and school taxes, no funds were appropriated for the plan in the 1972/73 Estimates because negotiations concerning administrative plans were still under way with the Government of Canada. In fact, a formal amendment to our income tax collection agreement with the Government of Canada to cover the administration of the 1972 tax credit plan was not signed until last month, only last month. Benefit payments under the plan did not commence until early this year, and the Manitoba Government will not be required under our agreement with Ottawa to begin reimbursing the Federal Government for the estimated \$28 million cost until next month. Our payments to the Government of Canada will take the form of 7 million monthly reductions in our income tax collection payments receivable from Ottawa for the four-month period from April through July.

As members of this assembly are aware, the tax credit mechanism is viewed by our government as an extremely effective means of relating property tax relief to ability-to-pay. It must be so related, Sir. This view is apparently shared by an increasing number of other provinces and I have already indicated Ontario and Alberta's participation in similar approaches.

As was emphasized in the House during the 1972 session, it is expected that the largest benefits under the tax credit program will be received by individuals and families in low and middle income ranges -- the very people who have experienced the most difficulty in meeting increased property tax liabilities in previous years.

Because the Tax Credit Plan has proved to be such an effective mechanism for providing real property tax relief on an equitable basis, I am pleased to announce tonight a number of major extensions to the current program.

To make possible even larger reductions in property tax burdens for 1973, the Government of Manitoba has decided to propose an increase in the benefit levels under the Credit Plan for this year, and to expand the base of the plan to include to some extent, general property taxes, in addition to full school taxes as the previous year in order that more people will qualify for greater benefits.

For 1973, the program will be renamed the "Manitoba Property Tax Credit Plan" and will have a maximum benefit of \$200. The general minimum benefit, Mr. Speaker, will be raised to \$100.00 from \$50.00.

So those are the two changes, the two significant changes there, Sir. The general minimum of \$50.00 is being increased to \$100.00 minimum entitlement and the maximum is being increased from 140, or it might be said 140 plus the 50 in the previous year's program to \$200.00.

The extension of the base will be particularly helpful to old age pensioners with low fixed incomes. While the tax credit is intended to cover education property taxes in their entirety first, for a number of people with very modest homes and old homes with low assessment and therefore lower education costs, we fully expect that in a number, quite a number of these cases, after the education tax is removed that way entirely, there will still be a residual which will then be available to cover general municipal taxes to people on very modest incomes, and this would be primarily old age pensioners. But it certainly could include farmers, Sir, in years of drought, or poor crops or poor sales or whatever.

The Member for Rhineland is concerned about the prospects of drought in the Pembina Triangle. He should bless the day that tax policies such as this are initiated so as to help

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(MR. SCHREYER cont'd) people in poor years. I remember, Sir, and I say as an aside, that about 12 or 14 years ago, the late W. C. Miller once got up on the opposite side and he was complaining bitterly that in the entire range of estimates of spending by the Government of Manitoba in 1958 that there were millions of dollars, he said, but not a dime for Rhineland. Well I'm happy to announce that the impact of this program will have equal benefits in Rhineland as compared to any other area of the province.

Benefits for 1973 will continue to be calculated according to basically the same formula as is being used for 1972. The 1973 formula will be \$200 minus 1% of taxable income with the new \$100.00 minimum base. Where total school and general property taxes are less than this amount, the full amount of these taxes will be offset.

The formula for determining rental equivalents of property taxes will be revised so that 20% of annual rental payments may be claimed for credit purposes instead of the 10% in effect for 1972. This 20% rental allowance is the same percentage now applied under the Ontario Government's Property Tax Credit Program.

As a result of these increased benefit levels, the new expanded Manitoba Property Tax Credit Program will mean an aggregate reduction in school and municipal taxes of about \$42 million in 1973.

My honourable friends were asking for tax cuts. There will be tax cuts but they will be of a kind that relate to ability-to-pay and regressive.

Because of the increase in benefit levels for 1973, it is estimated that most persons claiming credits next spring will be entitled to about \$60.00 more than they are receiving this spring. For example, a family of four, a man, a wife, and two children under 16, with an income of \$8,000, should have their income taxes reduced by a property tax credit of about \$159.00 for 1973, some \$62.00 more than would be their \$97 credit this last year.

Although the credit plan is progressive, measurable tax reductions are provided to all income levels. Still it is clear that the increased maximum credit amount will provide especially significant additional tax reductions for those in low and middle income groups, including, as in the case of the 1972 plan, most pensioners and farmers.

It is estimated that the new expanded credit program will mean maximum benefits of \$200.00 for almost half Manitoba's single tax filers and around a third of married couples and families. Over 80% of eligible farmers and pensioners will probably qualify to receive the \$200.00 maximum benefit.

We estimate about 80 percent of Manitoba's farmers and over 80 percent of Manitoba's pensioners owning homes will probably qualify to receive the full \$200.00 maximum.

In addition to those receiving the maximum \$200.00 amounts, another 40% of single tax filers, and about 40% to 50% of married couples and families, will be entitled to benefits of between 150 and 200 dollars.

In all, about 90% of single homeowners or renters, approximately 70% to 80% of couples and families, and over 95% of farmers and eligible pensioners can expect credits in excess of \$150.00 for 1973.

A set of tables summarizing the benefits available under the 1973 plan will be tabled at the conclusion of this address.

Because, and I might add, Sir, that there will be in fact many tables presented, many charts in accordance to the old Chinese adage that, a picture is worth a thousand words a chart, I would add, Sir, is probably worth 500 words, and so my honourable friends will have some interest chart analysis.

Because benefits will be raised so significantly for 1973 under the new Manitoba Property Tax Credit Plan, our government believes that a portion of these benefits should be made available to homeowners prior to next spring so as to assist them to meet the immediate cost of 1973 property tax bills this summer.

To make this possible and given the fact that the \$50.00 Tax Reduction Plan has been discontinued, a new tax credit advanced system will be introduced, in co-operation with the municipalities, under which the general minimum credit amount of \$100.00 will be cash advanced and deducted from the 1973 tax bills for the principal residences of Manitoba homeowners.

The amount of 1973 credit benefits received in advance this summer around \$100.00 then will be taken into account when credit applications are submitted with 1973 income tax

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(MR. SCHREYER cont'd) returns next spring.

For tenants the full amount of credit benefits related to the new higher 20% rental equivalent allowance for 1973 will be claimable when 1973 tax returns are filed at the normal time. This will make it possible to avoid the establishment of the sort of detailed regulations and complex record-keeping red tape, etc., etc., that would have been necessary for landlords and renters under a system of advances in respect of rental equivalents of local taxes. All that, Sir, is now being administratively simplified by means of this approach.

An amount of \$19 million has been included in the supplementary expenditure estimates to cover the cost of advances under this Manitoba Property Tax Credit Program in fiscal 1973.

The supplementary estimates will also include an amount of \$4.5 million to be added to the school grants expenditures of the Department of Education to reduce school property taxes still further in 1973.

As already announced by my colleague the Minister of Education last Friday, basic per student grants under the Foundation Plan will be increased to \$50.00 in 1973, up \$32.00 or about 180% from the '72 level.

Funds are also included in this amount to finance a new system of equalizing local school tax capacities under the Foundation Plan. And this will increase per student grants by another \$3.00 to \$21.00 per student depending upon the balance or equalized assessment per pupil in each of the school divisions in the province.

These measures, along with the increase in the province's share of the Foundation Plan from 75% to 80% will mean a net increase in the province's contribution to school costs under the program of about \$14 million. Because of this additional financial support from General Provincial Revenues, the Foundation Program mill rate for farm and residential property, including apartments, has been reduced from 8.4 mills down to 3.5 mills for 1973.

In order for honourable members to get some appreciation of where the Foundation levy and how the Foundation levy mill rate has moved, I would remind them of the fact that in 1968 the Foundation levy on farm and residential property was 13.1 mills and on commercial was 37.1 mills in 1968. We have, Sir, in progressive stages since 1969 reduced the Foundation levy on farm and residential property from 13.1 mills, reduced in 1969 to 9.9 mills, and then we took it from there, Sir, down to 8.4, and we're taking down to 3.5 compare that with . . .

At the same time, Sir, the Foundation Program is being increased to a point \$50 million more enriched than it was in 1968. So let no one say that the dependency is heavy on special levy and on local property. The charts will demonstrate that but my honourable friends will have to read the charts.

A MEMBER: We'll need an interpreter too.

MR. SCHREYER: The 1973 rate, Sir, Foundation levy on farm and residential property is a full 9.6 mills lower than the 13.1 mill rate for farm and residential in 1968. The Foundation rate on revenue bearing commercial property remains, will remain this year at 33.9 mills as it has been since 1970. In 1968 and 69 the commercial rate was even higher at 37.1 and 34.9 mills, respectively.

At the conclusion of the address this evening, Mr. Speaker, I will table a set of figures which show that as a result of these changes in the Foundation Program, coupled with the increased property tax relief provided under the Tax Credit Plan, the Crown, the Province of Manitoba will now be contributing amounts which cover about 75% of the total costs of primary and secondary education in total in Manitoba. And that, Sir, represents a full 50% increase over the total provincial share in 1969. Because of this substantial addition in tax relief and assistance to the local level and to the individual school tax and real property taxpayer, the share of school costs raised from local property taxes has been reduced, is being reduced this year by more than half.

The local share of education, Mr. Speaker, in 1969 had to -- local property taxes had to pay for about 45 to 46 percent of the total education tax bill after deduction of provincial tax rebates and whatever -- 45 percent.

I am pleased to announce to this House, to my colleagues, to the province, that this share, the local share of the total Education Tax Bill after the Tax Credit Plan, etc., will now be instead of 45 percent, will be approximately 21 percent, Mr. Speaker.

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(MR. SCHREYER cont'd)

And so, Mr. Speaker, here comes a practical limitation because others of my colleagues and myself have indicated during the course of the past three and four years that yes, ideally we would like to reduce dependency on local real property taxation for education down to 20 percent if we could ever manage it, but beyond that we weren't so sure that it was in fact desirable if one were concerned about retaining local participation, local decision-making in the school divisions. And Sir, we do, we want to retain that very much. And so there is a practical limitation which we are approaching if we have not already come quite close to reaching it.

Even more important, within this decreasing property tax amount, the percentage share of education costs being borne by farm and residential property taxpayers has been reduced markedly. After the tax credit and our other property tax relief measures are taken into account, it is estimated that education property taxes on farms and residences will amount, in aggregate, to a net local levy for all of Manitoba of some 5 to 7 million dollars for 1973.

As I have stated repeatedly during the last four years, it seems advisable to retain some significant local direct financial interest in education. This would seem to be a pre-requisite for local control and involvement. Thus the expansion of our Tax Credit Plan will help offset school tax burdens even more for 1973 than for 1972, but will not of course terminate completely local funding. Similarly, our increased contributions to the foundation program, from 70% to 80%, and its increase in total size from 101 million thereabouts in 1968 to about \$150 million in 1973, have ensured continuing local involvement while helping to minimize property tax burdens.

In addition to education cost assistance, the provincial government has, in recent years, provided each municipality in Manitoba with an unconditional grant of \$8.00 per year for every resident in the municipality as determined by census. However, a number of municipal representatives have expressed concern that this amount is not enough to help them offset increases in costs related to the provisions of local services, and that as a result they are being forced to rely more heavily on regressive property taxes at the local level.

To overcome this, they have suggested that the province make available to them more revenues which will grow in value over time, perhaps at a rate similar to the growth in provincial revenues. In other words, municipalities, some have asked for more reliance on ability to pay taxes of growth taxes and less on real property tax at the local level.

The province has considered this argument carefully, and in recognition of the rising costs of municipal government, as well as in recognition of the need to limit further increases in property tax burdens, the Government of Manitoba has decided to implement certain changes in the unconditional grants formula.

A supplementary amount of \$2 million will be added to the Department of Municipal Affairs' expenditure totals for fiscal 73 to cover increased unconditional grants to municipalities so that local governments can reduce planned mill rate increases this year.

Starting in 1973 the per capita grant to municipal government will rise to an amount equivalent to 5% of the province's combined revenue from personal and corporate income tax at present rates in the fiscal year prior to the fiscal year for which the grant applies. A minimum guarantee of \$10 per capita has been set on these grants. And from this point on, Sir, it will be calculated on the basis of revenue sharing, on the basis of 5% of the total yield to the province of provincial corporate and income taxes. (Applause)

Because the estimated yield of 5% of total provincial income tax revenues was marginally less than the guaranteed \$10 per capita amount the "base year" for 1973 grants under the new formula, the \$10 minimum guarantee will apply in 1973, and from this year on it will apply in a very normal calculation manner. In 1974 and thereafter per capita grants to municipalities will grow at the same rate as total provincial personal and corporate income taxes and will remain at this level equivalent to 5% of these revenues. So it is entry or access to a growth tax field, it is revenue sharing, it is what was asked for in principle and it will provide 25% more in unconditional grants than the municipalities were receiving hitherto.

It should be noted that the increase from \$8 per capita to the \$10 per capita guaranteed minimum grant represents an increase of 25% in provincial unconditional assistance to municipal governments. The province will continue to confer with local government on the subject of provincial municipal revenue sharing and will make available any technical assistance the

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(MR. SCHREYER cont'd) municipalities may wish or require in evaluating plans for various alternative revenue sources, discussions thereto in the future.

I want to point out, Sir, that in finalizing our government's plans for these measures to reduce school property tax burdens and to aid municipal governments and school divisions, we studied very carefully the submissions presented to us in recent years by the Union of Manitoba Municipalities, the Manitoba Association of Urban Municipalities, the Manitoba Association of School Trustees, as well as delegations from certain number of specific municipalities. Quite consistently, and, Sir, I add quite rightly, these submissions from municipal groups have stressed that the costs of services to people and particularly education costs, should be transferred more and more onto the more progressive provincial revenue base in line with ability-to-pay or income taxes, Sir. That is what they are asking for. The many municipal officials that have spoken and addressed themselves to the problem of rising local taxation, rising costs of services to people, almost without exception in their formal association, the Union of Manitoba Municipalities and the other associations have repeatedly and consistently and honestly stressed the preference for transferring more of this burden onto ability-to-pay taxes. Those are their words, Mr. Speaker, as well as ours, and we have acted. (Applause.)

A further amount of \$2 million has been included in the supplementary expenditure estimates for fiscal '73 in accordance with the offer already extended to the City of Winnipeg under which the Provincial Government will meet certain costs now supported by Winnipeg ratepayers.

As has been pointed out by certain of my colleagues, the province presently finances some services in other municipalities which are still financed in Winnipeg largely through municipal property taxation. There is, for example, the Inner City Health Department, the Magistrate's Court, the City's Detention Facilities, the Assiniboine Park, there are other examples. These are all examples of facilities for which the province is now making equivalent contribution in other municipal areas and districts in the province, not in Winnipeg -- we are prepared to give equal treatment.

In addition to the amount contained in the supplementary estimates for property tax relief, a total of \$1.5 million has been included to meet the estimated cost of the new Pharmacare Program for Manitobans aged 65 and over announced in the Throne Speech. Under this program 80% of the costs of prescription drugs in excess of \$50 per year per pensioner will be paid by the Provincial Government starting July 1 of this year. Further details of this program will be announced by my colleague the Minister of Health and Social Development quite soon. This, Mr. Speaker, is being brought forward as a first step towards the day when there can be a more comprehensive medical prescription drug program for Manitoba senior citizens as well as those who suffer from chronic illness in which families often incur very high prescription medical drug costs. For a number of years, many years actually, Sir, some chronic illnesses have had programs under which the Crown did pay some of the prescription medical costs; other chronic illnesses do not. So that, Sir, we are moving towards an early date when this can be rationalized. But first we proceed with this cost experience.

When our government was finalizing its budgetary preparations during the last few weeks, we considered a number of alternatives to reduce taxation in Manitoba by even more than the substantial cuts I have already announced. And what were the options available to us, Sir? Well, there was an across-the-board percentage cut in personal income tax. We also considered reductions in certain other provincial taxes. I would like for a brief moment to discuss some of these options. Yes, a flat percentage cut in income taxes. Someone was suggesting a 6% income tax cut, someone was suggesting a 10% income tax cut; who'll give me 12 and who'll give me 14, who'll make it 16, 18, 20, do we have 22, etc., etc. (Applause)

Mr. Speaker, it is not only, it is not only the auction sale aspect of it but what is -- and I mentioned that only as a pass bantering aside, Sir, -- but what is almost incredible, what is almost incredible about the suggestion that we should have gone, as they would have I am certain -- well they said they would -- for a flat percentage cut in income tax. You know what it would mean? Say we had taken the 10% income tax cut suggested by my honourable friends opposite; it would mean a cut of \$8 per year for a family of four with an income of \$5,000. \$8 a year. At the same time, Sir, it would mean a cut of about \$670 a year for the

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(MR. SCHREYER cont'd) same sized family with an income of \$50, 000. It would mean a cut of around \$1, 600 a year cut for a family with \$100, 000. Needless to say, we rejected this option as grossly inequitable.

Mr. Speaker, we also -- I needn't say any more, we rejected that kind of advice. (Applause.)

We also, Mr. Speaker, considered a reduction in the so-called consumption tax rates, including the sales tax rate and the gasoline tax rate. But these tax rates in Manitoba are already, with the exception of Alberta, are already among the lowest in Canada. The sales tax at 5%, with the exception of the 10% rate we put on alcohol, which we do not apologize for, has not been changed since 1967 when the sales tax was introduced. We have left it there. The gasoline tax at 17 cents a gallon has not been changed in the past nine years, and we do not propose to change it now. It is lower than a number of provinces.

Quite clearly, there was one major tax reduction alternative that was worthy of consideration. And that, Sir, has to do with Medicare premiums. Accordingly, the Government of Manitoba has taken the decision to eliminate all remaining health insurance premium taxes in Manitoba. (Applause.)

As a result of this course of action, Mr. Speaker, we will not have the unacceptable phenomena of one family receiving \$8 in tax cuts and another family \$870 and a third family \$1, 600; all families in Manitoba will save \$100, 00--\$99, 60 in premium taxes each year; and single people will save \$50. Everybody being treated equally. Mrs. Jones in Tuxedo will receive the same tax cut. So by taking this decision, my colleagues have eliminated what most of us in Manitoba have acknowledged as the single most regressive tax in effect at the provincial level.

Starting June 1st Manitoba will be the only province West of the Maritimes not to impose a special premium or payroll or poll tax to finance its share of the hospital insurance and medicare programs. Our situation is not comparable to that of the Atlantic provinces, however, because the amount of Federal contributions to those provinces' health care programs is significantly higher on a percentage basis than the contributions to Manitoba's programs.

Measures will be undertaken to ensure that where premiums are presently paid in full or in part by employers on behalf of employees under contractual agreements, amounts equivalent to the employer contributions will be passed on to the employees. Because of the elimination of this premium tax, Mr. Speaker, the yearly revenues of the Manitoba Health Services Commission will be reduced now by approximately \$25 million. As a result, the province will be required to reimburse the Commission for the full amount, so it will show on the books of the province as an expenditure and we will be criticised for higher spending. But Mr. Speaker, it is just as real, it is more real, it is a more real tax cut than anything that they could have done. (Applause.)

There is a certain element, Mr. Speaker, Sir, of the Alice in Wonderland situation with the way in which argument takes place as to what constitutes a tax cut or not. My honourable friends opposite would reduce income taxes by some percentage amount; that would show up on the books of the province as a reduction in revenue and not as an increase in expenditures. Then they would go around the province saying that they are keeping expending down.

We, Sir, recognizing that tax relief, tax cuts to be really equitable ought to be equally available to all citizens, and so we have chosen to eliminate a premium tax. The effect of it on the province's books however shows an increase in expenditure since we have to make that amount good to the Health Services Commission. So my honourable friends will have some fun no doubt, but even as they are having that fun they will know that in terms of the tax effect on individuals that the reduction will be equitable and it will be a reduction in fact.

Now as a result of this, Mr. Speaker, Supplementary Estimates for 1973/74, which I will table later, contain a sum of \$21 million to cover the estimated cost or expenditure caused by the eliminating of the premium tax for the 10 months remaining in fiscal '73-74.

Some offsetting cost savings will result of course, both for the Health Services Commission and the Province through the termination of administrative activities related to premium collections as well as for municipalities. And by the way, Sir, who here is not aware of the fact that for years the municipal officials have been complaining about the onus and the burden on them of being responsible for the collection of health premiums. That

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(MR. SCHREYER cont'd) problem will no longer exist for them. (Applause.)

I am advised, Mr. Speaker, that as the result of the abolition of the premium collection, the premium tax and the necessity of collecting it and administering that, that administrative cost savings in a full year will approach something in the order of three quarters of a million to one million dollars. And it is suggested further, that to municipalities there will be some cost savings no doubt less than that but still in excess of a quarter of a million, something higher than that. I am pleased that this latter saving will meet a number of requests from municipalities for relief from these costs and prior costs and responsibilities.

I might say as an aside, Mr. Speaker, that as a result of this saving in administrative costs, there will be a number of persons whose services will no longer be required and I wish to enunciate a principle here which all my colleagues would want me to enunciate, and that is that the right of first access, of first re-entry into the public service will be theirs.

After I have concluded my statement this evening, Mr. Speaker, I will table a set of calculations showing total yearly income and premium taxes in Manitoba for individuals and families in various income groups in 1969 before the initial premium reduction in '69 and in 1973 after the premiums have been -- taxes have been totally eliminated.

Additional tables will be included which show the effect of the elimination of premiums on personal tax levels for Manitobans compared to the tax levels in other provinces which continue to apply premium taxes. The tables show, Sir, that taxes for low and middle income groups in Manitoba are now, of course, even lower than before in comparison to those in all other provinces which continue to levy premiums.

For example, in the case of a family of four, Manitoba's personal taxes, and that's with standard exemptions in each case, Manitoba's personal taxes after premiums are eliminated, are lower than those in any other province where premiums are still in effect, up to about the \$10,000 income level.

Since about 75% of Manitoba families have incomes below this level, these figures indicate a substantial tax advantage for the majority of families in our province. They prove conclusively that Manitoba's personal taxes for a majority of the people of this province are among the lowest -- not the highest, not in the middle, the lowest in Canada. (Applause.)

All of this, Sir, in terms of its appearance in the province's books, these tax measures are expressed as expenditures for technical purposes, that this however, does not negate their tax reduction and tax relief effect. They are clearly tax cuts equivalent in value to 11 percent of our total current revenues for fiscal 1973.

After these tax reductions for 1973 are taken into account, it is possible to calculate that the total tax relief measures instituted by our government since 1969 have meant overall tax savings to a maximum of \$440 a year for Manitoba families at lower levels of income compared to what their tax positions would have been if 1969 tax rates had not been reduced.

So now, Sir, for a family, man, wife, two children, standard exemptions, with an income of \$8,000, the yearly savings over 1969 taxes will be \$320 -- \$320 less in taxes to that family today, after tonight, than compared to what they were paying in taxes to the province in 1969. (Hear, Hear.)

It is important to emphasize that all of these actions have been carried out in a manner that promotes the principle of ability to pay. While municipal property taxes have gone up since 1969, they've been going up every year since what? -- since 1959, or could one say that they've been going up every year since 1939? I don't think taxes, aggregately speaking, have gone down since the dirty 30s. But in any case, while municipal property taxes have gone up over the years, the Provincial Government has in the same period increased its contributions to municipalities and school divisions, as I noted earlier. These measures have helped to minimize property tax increases so that the total tax cut benefits between 1969 and 1973 have actually been larger in most cases than the tables would even indicate. Although the calculations do not take into account the selective increases in taxes on alcoholic beverages and on tobacco products, these taxes have not meant any significant increase for most families.

Also since 1969, there have been no major changes in all other consumptive taxes. Tables have been prepared and will be made available to all members to show the effects of the tax changes implemented by our government for single people and for couples. They will also be made available at the conclusion of my Address.

When the Supplementary Expenditure Estimates, which I will table tonight, are added

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(MR. SCHREYER cont'd) to the Main Estimates for 1973/74, tabled earlier in the session, the resulting total of current expenditures for the fiscal year ending March 31, 1974 is an estimated \$693.5 million. At the conclusion of this address, Mr. Speaker, I will also table current revenue estimates for 1973/74 totalling \$694.6 million. On the basis of these estimates it is expected that the government will realize a current account surplus of approximately \$1.1 million for the coming fiscal year. (Applause.)

Of course in making that kind of a forecast, Mr. Speaker, we are surrendering ourselves in a sense to providence to see whether we are that close, that far out in anticipating what the current account balance will be.

After the address this evening I will also table detailed estimates of the government's capital supply, capital budget for the next fiscal year. These requirements are expected to total some \$273 million or approximately 30 percent less than the \$393 million in capital authority borrowing requested for last year.

Our planned capital requirements for 73/74 consist of \$211 million for the utilities and other agencies of government, including \$100 million for Manitoba Hydro, \$25 million for the Telephone System, \$39.5 million for the MDC, 25 million for the Housing and Renewal Corporation and \$4 million for the Agricultural Credit Corporation, to fund a new program to help promote land financing flexibility for farmers and land acquisition.

Sixty-two million will be required for economic and social development programing, including assistance to municipalities and for general government purposes. Included in this total will be \$1 million for a new program designed to help get moving relative to the preservation of natural wooded and treed areas in and around the City of Winnipeg.

This, too, Mr. Speaker, provides a subject or topic for very interesting discussion. The fact is, Sir, that we have talked for so long, years, many years, about the desirability of maintaining and preserving natural green and treed and wooded areas in near proximity to urban centres, but yet no land was sufficiently acquired for that purpose and in the meantime those people who were farming and market gardening around the periphery of cities were being taxed more and more and more. So the problem and the solution come in juxtaposition.

In total, the current and capital expenditure authority to be requested for 1973/74 is approximately \$3 million less than for 1972/73.

The Budget I have presented tonight is fully consistent with every one of the basic fiscal objectives which I outlined earlier this evening. This Budget provides for fairer taxation and a more equitable distribution of the benefits of Manitoba's economic development. Moreover, it affords clear evidence of our administration's efficient management of the province's finances.

This Budget dedicates \$78 million for new measures to reduce taxes and to increase real income benefits in addition to the measures already included in the main expenditure estimates tabled earlier in the session.

Through the elimination of Health Insurance premium taxes and through the expansion of the Property Tax Credit Plan, both of which show up as expenditures but both of which are tax cuts, most Manitoba families will have their total yearly tax burdens reduced by \$100 on the premium tax abolition and up to \$200 maximum on the Property Tax Credit Plan side. The largest reduction in taxes will be received by those who need assistance most, our low and middle income families, including many senior citizens and many farm people.

In addition, as a result of our increased assistance to municipalities and school divisions, it should be possible for local government to reduce their taxes further and thus provide more relief from property tax burdens for all homeowners and renters in 1973.

Because these tax cuts and other measures will augment considerably the purchasing power of so many Manitobans, this stimulus to effective demand will have a direct economic impact in the form of new jobs and increased incomes.

Our government has a sense of social and economic justice and accomplishment with this Budget. In the past our major policy goals of tax equity based on ability to pay, a fairer distribution of economic benefits and progress towards greater equality, Sir, greater equality of the human conditions as well as of opportunity, have been explained in general terms but their precise implications have often been difficult to clarify, to really explain adequately.

This Budget however, makes explanations very easy. It underscores the real meaning of these objectives far more clearly and with far more impact than any lengthy policy discussions

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(MR. SCHREYER cont'd) ever could. To paraphrase Franklin Roosevelt, to paraphrase his favourite motto: "The test of our progress as a society is not in whether we add to the abundance of those who already have much, but in whether we provide more for those who have little."

Mr. Speaker, those words, Sir, capture the very heart and soul of all our efforts as a government and of this Budget for fiscal 1973/74. (Applause.)

Accordingly, Mr. Speaker, I move that Mr. Speaker, do now leave the Chair and the House resolve itself into a Committee to consider of Ways and Means for raising of the Supply to be granted to Her Majesty. Seconded by the Honourable the Minister of Labour.

MR. SPEAKER presented the motion.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I move, seconded by the Honourable Member for Riel that debate be adjourned.

MOTION presented and carried.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I have two messages from the Honourable the Administrator of the Government of the Province of Manitoba.

MR. SPEAKER: (By the Administrator). The Honourable the Administrator of the Government of the Province of Manitoba transmits to the Legislative Assembly of Manitoba, Estimates of further sums required for the services of the Province for the fiscal year ending the 31st day of March, 1974 and recommends these Estimates to the Legislative Assembly.

The other message is, the Honourable the Administrator of the Government of the Province of Manitoba transmits to the Legislative Assembly of Manitoba the Estimates of sums required for the services of the Province for the Capital expenditures and recommends these Estimates to the Legislative Assembly.

The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I move, seconded by the Honourable the Minister of Mines and Resources that the said messages together with the Estimates accompanying the same be referred to the Committee of Supply.

MOTION presented and carried.

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: Mr. Speaker, I would move, seconded by the Honourable the Minister of Agriculture that the House do now adjourn.

MOTION presented.

MR. SPEAKER: I would ask the honourable members that they wait until they get the distribution of the message and the Budget.

The House is now adjourned and stands adjourned until 2:30 tomorrow afternoon.

APPENDIX

ECONOMIC STATISTICS

LIST OF TABLES

1. COMPARISON OF MANITOBA'S ESTIMATED GROSS PROVINCIAL PRODUCT AND CANADA'S GROSS NATIONAL PRODUCT
2. MANITOBA PROVINCIAL OUTPUT GROSS VALUE
3. VALUE OF MANITOBA'S PRIMARY RESOURCE PRODUCTION
4. TOTAL PUBLIC AND PRIVATE INVESTMENT IN MANITOBA
5. SELECTED ECONOMIC INDICATORS FOR MANITOBA
6. PER CAPITA INCOME COMPARISON - MANITOBA AND CANADA
7. DISTRIBUTION OF INCOMES IN MANITOBA
8. CONSUMER PRICES - MANITOBA AND CANADA - 1971 AND 1972
9. INTER-CITY INDEXES OF RETAIL PRICE DIFFERENTIALS
10. RESIDENTIAL DWELLING UNIT STARTS IN MANITOBA
11. ELECTRIC POWER AVAILABLE IN MANITOBA

COMPARISON OF MANITOBA'S ESTIMATED GROSS PROVINCIAL
PRODUCT AND CANADA'S GROSS NATIONAL PRODUCT
(Millions of Dollars)

Year	Manitoba's Estimated Gross Provincial Product	Per Cent Change Relative To The Previous Year	Gross National Product	Per Cent Change Relative To The Previous Year
1960	\$ 1,934		\$38,359	
1961	1,891	-2.2%	39,646	3.4%
1962	\$ 2,109	11.5	\$ 42,927	8.3
1963	2,174	3.1%	45,978	7.1%
1964	2,394	10.1	50,280	9.4
1965	2,550	6.5	55,364	10.1
1966	2,735	7.3	61,828	11.7
1967	2,994	9.5	66,409	7.4
1968	3,289	9.9	72,586	9.3
1969	3,487	6.0	79,749	9.9
1970	3,665	5.1	85,449	7.1
1971	4,012	9.5	93,094	8.9
1972	4,447	10.8	102,935	10.6

Data have been revised to accord with updated Statistics Canada series.

Source: Department of Finance.

MANITOBA PROVINCIAL OUTPUT GROSS VALUE
(Millions of Dollars)

Year	PRIMARY RESOURCES		CONSTRUCTION		MANUFACTURING		RETAIL TRADE	
	Value	Percent Change	Value	Percent Change	Value	Percent Change	Value	Percent Change
1960	438		396		711		843	
1961	403	8.0	369	-6.8	717	.8	767 ⁽¹⁾	N/A
1962	616	52.9	361	-2.2	753	5.0	801	4.4
1963	581	-5.7	403	11.6	794	5.4	828	3.4
1964	637	9.6	421	4.5	861	8.4	873	5.4
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 ⁽¹⁾	N/A
1967	683	-2.6	558	15.1	1,080	6.0	1,073	6.6
1968	697	2.0	662	18.6	1,119	3.6	1,118	4.2
1969	758	8.8	754	13.9	1,230	9.9	1,188	6.3
1970	815	7.5	695	-7.8	1,260	2.4	1,227	3.3
1971	915	12.3	698	0.4	1,300	3.2	1,318	7.4
1972*	990	8.2	809	15.9	1,455	11.9	1,470	11.5

* Estimated

(1) 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 Statistics Canada'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>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972*</u>
Agriculture ⁽¹⁾	487,000	471,000	458,000	473,000	455,000	552,000	641,000
Minerals	179,371	184,654	209,000	246,000	330,000	329,913	311,259
Forest Products	22,200	18,400	19,500	25,300	22,200	26,500	31,000
Furs ⁽²⁾	5,134	4,590	5,262	5,911	4,821	3,164	3,012
Fisheries ⁽³⁾	<u>7,545</u>	<u>4,721</u>	<u>5,497</u>	<u>8,286</u>	<u>3,360</u>	<u>3,829</u>	<u>3,946</u>
	701,250	683,365	697,259	758,497	815,381	915,406	990,217

*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.

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
1960	140.8		178.2		339.4		658.4	
1961	142.6	1.3	151.2	-15.2	290.9	14.3	584.7	-11.2
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	495.5	6.5	947.2	10.1
1968	207.6	15.1	334.1	23.1	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)	275.9	17.6	339.6	24.4	614.6	8.1	1,230.1	14.3

(1) Preliminary actual figures.

(2) Mid-year review figures.

Source: Department of Finance.

SELECTED ECONOMIC INDICATORS FOR MANITOBA
(Millions of Dollars) (1)

Year	PERSONAL INCOME		LABOUR INCOME (2)		FARM CASH INCOME		CHEQUE CASHINGS	
	Value	Percent Change	Value	Percent Change	Value	Percent Change	Value	Percent Change
1960	1,492		884		233		19,081	
1961	1,436	-3.8	905	2.4	243	4.3	21,131	10.7
1962	1,611	12.2	955	5.5	262	7.8	21,191	2.8
1963	1,647	2.2	1,003	5.0	270	3.1	26,496	25.0
1964	1,775	7.8	1,058	5.5	300	11.1	27,284	3.0
1965	1,892	6.6	1,143	8.0	342	14.0	30,922	13.3
1966	2,039	7.8	1,242	8.7	377	10.2	33,715	9.0
1967	2,280	11.8	1,410	13.5	373	-1.1	35,372	4.9
1968	2,523	10.7	1,557	10.4	365	-2.1	34,184	-3.4
1969	2,703	7.1	1,720	10.5	350	-4.1	36,436	6.6
1970	2,854	5.6	1,837	6.8	341	-2.6	39,897	9.5
1971	3,165	10.9	1,989	8.3	381	11.7	43,166	8.2
1972	3,542*	11.9	2,212*	11.2	485	27.3	47,800	10.7

* Estimated

(1) All data have been revised to accord with updated Statistics Canada series.

(2) Unadjusted wages and salaries.

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

PER CAPITA INCOME COMPARISON
MANITOBA AND CANADA

Year	PERSONAL INCOME PER CAPITA				PERSONAL DISPOSABLE INCOME PER CAPITA			
	Manitoba	Percent Change	Canada	Percent Change	Manitoba	Percent Change	Canada	Percent Change
1960	\$1,647		\$1,656		\$1,489		\$1,487	
1961	1,557	-5.5	1,651	-.3	1,395	-6.3	1,475	-.8
1962	1,721	10.5	1,764	6.8	1,550	11.1	1,579	7.1
1963	1,736	8.7	1,840	4.3	1,562	.8	1,646	4.2
1964	1,851	6.6	1,933	5.1	1,656	6.0	1,713	4.1
1965	1,961	5.9	2,091	8.2	1,752	5.8	1,846	7.7
1966	2,117	8.0	2,303	10.1	1,854	5.8	1,994	8.0
1967	2,368	11.9	2,482	7.8	2,047	10.4	2,116	6.1
1968	2,598	9.7	2,690	8.4	2,231	9.0	2,262	6.9
1969	2,761	6.3	2,943	9.4	2,290	2.6	2,424	7.2
1970	2,903	5.1	3,124	6.2	2,383	4.1	2,535	4.6
1971	3,203	10.3	3,405	9.0	2,630	10.4	2,754	8.6
1972*	3,571	11.5	3,756	10.3	2,942	11.9	3,044	10.5

*Estimated

Source: Department of Finance

DISTRIBUTION OF TAXFILERS' INCOMES IN MANITOBA

(Based on Income Tax Data for 1971, 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	48,983	11.3	\$ 16,300,000	0.7
1,000 - 2,000	58,082	13.4	86,744,000	3.8
2,000 - 3,000	52,070	12.0	129,164,000	5.7
3,000 - 4,000	51,677	11.9	181,385,000	8.0
4,000 - 5,000	40,223	9.3	180,105,000	7.9
5,000 - 6,000	33,634	7.7	184,612,000	8.1
6,000 - 7,000	32,623	7.5	211,451,000	9.3
7,000 - 8,000	29,897	6.9	224,054,000	9.8
8,000 - 9,000	24,059	5.5	204,177,000	9.0
9,000 - 10,000	16,496	3.8	156,360,000	6.9
10,000 - 15,000	33,862	7.8	399,096,000	17.5
15,000 - 20,000	7,427	1.7	125,349,000	5.5
20,000 - 25,000	2,194	0.5	48,691,000	2.1
Over 25,000	3,249	0.7	131,266,000	5.8
TOTAL	434,476	100.0	2,278,752,000*	100.1

*Due to the rounding of figures, the sum of incomes accruing to the various income classes differs marginally from the 'total income' figure shown above.

Source: Department of Finance.

CONSUMER PRICE INDEX (1961 = 100)

	<u>Canada</u>			<u>Winnipeg</u>		
	<u>1971</u>	<u>1972</u>	<u>% Increase</u>	<u>1971</u>	<u>1972</u>	<u>% Increase</u>
Jan./Mar.	130.8	137.1	4.8	126.9	131.5	3.6
Apr./June	132.6	138.3	4.3	128.1	132.3	3.3
July/Sept.	134.6	141.1	4.8	129.3	134.1	3.7
Oct./Dec.	135.5	142.5	5.2	130.1	135.9	4.5
Jan./Dec.	133.4	139.8	4.8	128.6	133.5	3.8

Source: Department of Finance

INTER-CITY INDEXES OF RETAIL PRICE DIFFERENTIALS

(Latest Available Information)

(Winnipeg Price Levels = 100)

	<u>FOOD PRODUCTS</u> (1)	<u>HOUSEHOLD OPERATION</u> (2)	<u>CLOTHING</u>	<u>TRANSPORTATION</u> (3)	<u>HEALTH AND PERSONAL CARE</u>	<u>RECREATION AND READING</u>	<u>TOBACCO AND ALCOHOL</u>
St. John's, Nfld.	109	114	105	109	101	97	126
Charlottetown	109	115	101	105	102	101	112
Halifax	103	114	99	104	112	104	111
Saint John, N.B.	105	113	104	107	104	103	115
Montreal	99	114	99	111	98	102	99
Ottawa	101	108	98	103	116	98	97
Toronto	99	105	96	103	112	101	97
Winnipeg	100	100	100	100	100	100	100
Regina	104	101	102	99	101	95	101
Edmonton	103	101	98	96	114	100	97
Vancouver	107	112	102	102	118	104	101

(1) Includes the following products: meats, fish and poultry, fruits and vegetables, cereal and bakery products and dairy products.

(2) Includes household supplies and services, and furniture and appliances.

(3) Includes new passenger cars and public transportation.

Source: Department of Finance

RESIDENTIAL DWELLING UNIT STARTS IN MANITOBA

Year	Single Detached	Percent Change	Row and Two Family	Percent Change	Apartment and Other	Percent Change	Total	Percent Change
1960	3,539		444		1,149		5,132	
1961	3,759	6.2	307	-30.9	1,612	40.3	5,678	10.6
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	43.9	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	-17.5	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
1972	4,889	31.5	1,287	-24.6	5,892	11.6	12,068	12.7

Source: Department of Finance

ELECTRIC POWER AVAILABLE IN MANITOBA

<u>YEAR</u>	<u>KILOWATT HOURS</u>	<u>AVERAGE NET VALUE</u> (Thousands of Dollars)
1960	4,565	36,387
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	65,250
1969	8,097	73,235
1970	9,239	82,551
1971*	10,505	94,182
1972*	11,623	104,205

* Estimated

Source: Manitoba Hydro Electric Board

FINANCIAL STATISTICS

TOTAL ESTIMATED EXPENDITURES - CURRENT AND CAPITAL -
FISCAL 1972 AND FISCAL 1973

(\$ millions)

	<u>Fiscal 1972</u>	<u>Fiscal 1973</u>	<u>Change</u>
Current*	576.1	693.5	+117.4 (+20.4%)
Capital	393.5	273.5	-120.0 (-30.5%)
	<hr/>	<hr/>	<hr/>
TOTAL	969.6	967.0	- 2.6 (-0.3%)
	<hr/>	<hr/>	<hr/>

*Includes Main and Supplementary Estimates

DETAILED SUPPLEMENTARY ESTIMATES OF CURRENT EXPENDITURE

Of The

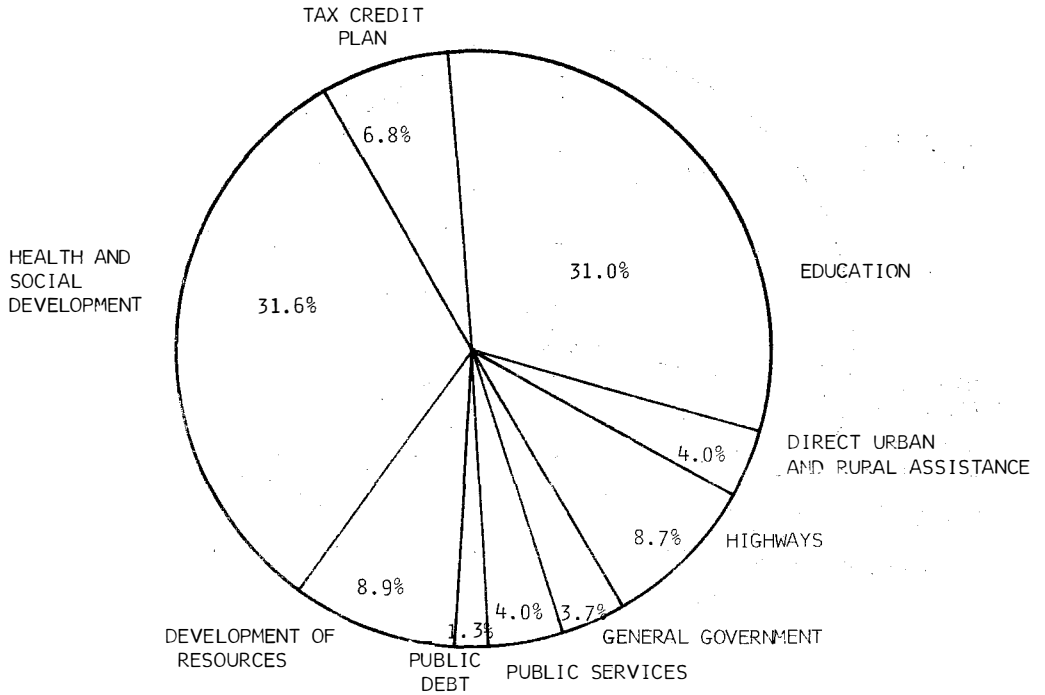
PROVINCE OF MANITOBA

For the Fiscal Year Ending March 31st, 1974

SCHEDULE A

Appro. No.		Details of Appro- priations	Year Ending March 31st, 1974	Resolu- tion No.
EDUCATION (XXI)				
3.	Financial Support - Public Schools (a) School Grants and Other Assistance	\$ 4,500,000		1
		\$4,500,000		
	TOTAL FOR EDUCATION		\$ 4,500,000	
HEALTH AND SOCIAL DEVELOPMENT (IX)				
6.	Manitoba Health Services Commission	\$21,000,000		2
8.	Pharmacare Payments	<u>1,500,000</u>		3
	TOTAL FOR HEALTH AND SOCIAL DEVELOPMENT		\$22,500,000	
MUNICIPAL AFFAIRS (XIII)				
7.	Municipal Budget and Finance (d) Unconditional Grants Act - Municipalities, Local Government Districts and Areas	\$ 2,000,000		
		\$2,000,000		
	TOTAL FOR MUNICIPAL AFFAIRS		\$ 2,000,000	4
URBAN AFFAIRS (YX)				
4.	Urban Assistance	\$ <u>2,000,000</u>		5
	TOTAL FOR URBAN AFFAIRS		\$ 2,000,000	
EDUCATION PROPERTY TAX CREDIT PLAN (XXIV)				
2.	Education Property Tax Credit Payments	\$28,000,000		6
3.	Manitoba Property Tax Credit Advances	<u>19,000,000</u>		7
	TOTAL FOR EDUCATION PROPERTY TAX CREDIT PLAN		<u>\$47,000,000</u>	
TOTAL SUMS TO BE VOTED			<u>\$78,000,000</u>	

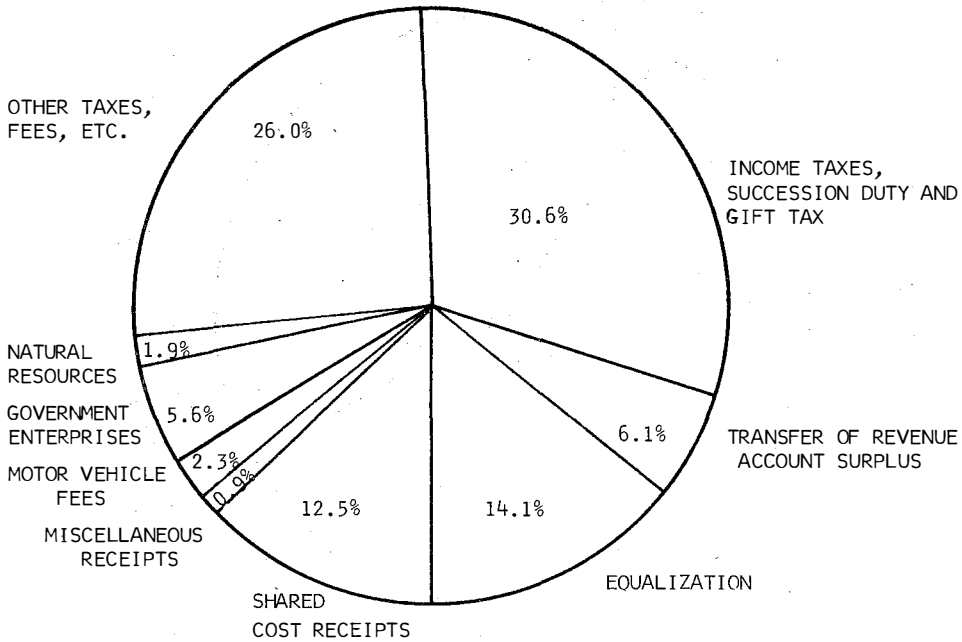
BUDGETARY (CURRENT) EXPENDITURES - BY FUNCTION
(REVENUE DIVISION) FISCAL 1973



(MILLIONS OF DOLLARS)

EDUCATION	\$214.8
HEALTH AND SOCIAL DEVELOPMENT	219.4
DEVELOPMENT OF RESOURCES	61.5
PUBLIC SERVICES	28.0
HIGHWAYS	60.0
URBAN AND RURAL AID	27.6
GENERAL GOVERNMENT	25.9
PUBLIC DEBT	9.0
MANITOBA PROPERTY TAX CREDIT PLAN	<u>47.3</u>
TOTAL	<u>\$693.5</u>

BUDGETARY (CURRENT) REVENUES - BY SOURCE
(REVENUE DIVISION) FISCAL 1973



(MILLIONS OF DOLLARS)

INCOME TAXES AND MANITOBA SUCCESSION DUTY AND GIFT TAX	\$212.1
NATIONAL EQUALIZATION	97.9
OTHER TAXES, FEES, ETC.	180.5
NATURAL RESOURCES	13.5
GOVERNMENT ENTERPRISES (LIQUOR COMMISSION)	39.0
MOTOR VEHICLE FEES	16.1
SHARED-COST RECEIPTS	87.0
MISCELLANEOUS RECEIPTS FOR SUNDRY SERVICES	6.5
TRANSFER OF REVENUE ACCOUNT SURPLUS	<u>42.0</u>
TOTAL	<u><u>\$694.6</u></u>

MAIN AND SUPPLEMENTARY ESTIMATES OF CURRENT EXPENDITURE

FISCAL 1972 AND 1973

	<u>Fiscal 1972</u>	<u>% of Total</u>	<u>Fiscal 1973</u>	<u>% of Total</u>
1. Education				
(a) Education - Main	\$129,451,800		\$134,727,400	
- Supplementary	-		4,500,000	
(b) Colleges and Universities Affairs - Main	<u>67,566,700</u>		<u>75,529,700</u>	
	\$197,018,500	34.2%	\$214,757,100	31.0%
2. Health & Social Development				
- Main	\$190,419,500		\$196,926,500	
- Supplementary	-		<u>22,500,000</u>	
	\$190,419,500	33.1%	\$219,426,500	31.6%
3. Development of Resources (including pollution control)				
(a) Agriculture - Main	\$ 15,039,100		\$ 20,618,000	
(b) Industry & Commerce - Main	4,879,900		4,895,900	
(c) Mines, Resources & Environmental Management - Main	25,866,400		25,144,400	
(d) Tourism, Recreation and Cultural Affairs - Main	9,084,600		10,821,100	
(e) Flood Control and Emergency Expenditures - Main	<u>100,000</u>		<u>---</u>	
	\$ 54,370,000	9.5%	\$ 61,479,400	8.9%
4. Public Services (including protection of people)				
(a) Northern Affairs - Main	\$ 5,953,100		\$ 9,152,800	
(b) Consumer, Corporate and Internal Services - Main	1,763,300		1,945,100	
(c) Attorney-General - Main	11,682,100		14,169,600	
(d) Co-operative Development - Main	586,900		721,100	
(e) Labour - Main	<u>1,955,000</u>		<u>2,011,800</u>	
	\$ 21,940,400	3.8%	\$ 28,000,400	4.0%
5. Highways - Main	\$ 57,466,700	10.0%	\$ 60,032,700	8.7%
6. Urban and Rural Aid				
(a) Municipal Affairs - Main	\$ 19,248,900		\$ 21,817,400	
- Supplementary	-		2,000,000	
(b) Urban Affairs - Main	1,944,000		1,785,400	
- Supplementary	<u>250,000</u>		<u>2,000,000</u>	
	\$ 21,442,900	3.7%	\$ 27,602,800	4.0%

- 2 -

7. General Government				
(a) Legislation - Main	\$ 1,910,400		\$ 1,913,000	
(b) Executive Council - Main	2,431,400		2,314,800	
(c) Finance (excluding Public Debt) - Main	3,745,200		4,103,100	
(d) Public Works - Main	10,605,300		12,909,300	
(e) Civil Service - Main	<u>4,030,000</u>		<u>4,616,100</u>	
	\$ 22,722,300	3.9%	\$ 25,856,300	3.7%
8. Public Debt - Main	\$ 10,118,800	1.8%	\$ 8,989,800	1.3%
9. Manitoba Property Tax Credit Plan				
- Main	\$ ---		\$ 338,500	
- Supplementary	<u>---</u>		<u>47,000,000</u>	
	<u>---</u>	--	<u>47,338,500</u>	6.8%
	<u>\$576,099,100</u>	<u>100.0%</u>	<u>\$693,483,500</u>	<u>100.0%</u>

REVENUE ESTIMATES - FISCAL 1972 AND 1973

	<u>Fiscal 1972</u>	<u>% of Total</u>	<u>Fiscal 1973</u>	<u>% of Total</u>
1. Income Taxes and Provincial Succession Duty and Gift Tax				
(a) Individual Income Tax	\$141,515,900		\$166,823,500	
(b) Corporation Income Tax	38,583,600		41,282,800	
(c) Manitoba Succession Duty and Gift Tax	<u>4,000,000</u>		<u>4,000,000</u>	
	\$184,099,500	32.1%	\$212,106,300	30.6%
2. National Equalization	\$ 58,500,000	10.2%	\$ 97,915,000	14.1%
3. Other Taxes, Fees, etc.				
(a) Legislation	\$ 224,000		\$ 244,500	
(b) Attorney-General (less Liquor Commission)	4,510,000		4,860,000	
(c) Colleges and Universities Affairs	855,700		922,600	
(d) Consumer, Corporate and Internal Services	755,900		782,200	
(e) Co-operative Development	68,000		73,600	
(f) Education	75,700		81,600	
(g) Finance	159,204,300(1)		172,101,300	
(h) Health & Social Development	370,000		372,000	
(i) Labour	330,000		349,000	
(j) Municipal Affairs	21,600		23,000	
(k) Public Works	<u>198,500</u>		<u>673,800</u>	
	\$166,613,700	29.1%	\$180,483,600	26.0%
4. Natural Resources				
(a) Agriculture	\$ 344,900		\$ 412,600	
(b) Finance	3,475,001(2)		5,575,000(2)	
(c) Mines, Resources and Environmental Management	5,417,500		6,240,800	
(d) Northern Affairs	155,000		39,500	
(e) Tourism, Recreation and Cultural Affairs	<u>1,107,100</u>		<u>1,233,400</u>	
	\$ 10,499,501	1.8%	\$ 13,501,300	1.9%

- 2 -

5. Government Enterprises (Liquor Commission)	\$ 36,100,000	6.3%	\$ 39,000,000	5.6%
6. Motor Vehicle Fees	\$ 16,433,500	2.9%	\$ 16,125,000	2.3%
7. Shared-Cost Receipts	\$ 91,225,800	15.9%	\$ 87,020,400	12.5%
8. Miscellaneous Receipts for Sundry Services	\$ 4,898,700	0.9%	\$ 6,448,800	0.9%
9. Transfer of Revenue Account Surplus	\$ 4,772,967	0.8%	\$ 42,000,000	6.1%
	<u>\$573,143,668</u>	<u>100.0%</u>	<u>\$694,600,400</u>	<u>100.0%</u>

Note (1) - Includes all Manitoba Levies and Collections except those listed in Note 2.

Note (2) - Includes Mining Royalty Tax, Mineral Claim Lease Tax, Mineral Tax and Mineral Lands Tax.

CAPITAL REQUIREMENTS - FISCAL 1973

SCHEDULE "A"

The Manitoba Hydro-Electric Board.....		\$100,000,000
The Manitoba Telephone System		25,000,000
The Manitoba Water Services Board.....		5,530,000
The Manitoba Development Corporation.....		39,485,000
The Manitoba Housing and Renewal Corporation.....		25,000,000
The Communities Economic Development Fund		
(a) for Direct Loans.....	\$1,500,000	
(b) for Bank Guarantees.....	<u>500,000</u>	2,000,000
The Leaf Rapids Corporation.....		8,500,000
Manitoba Mineral Resources Limited.....		1,815,000
The Manitoba Agricultural Credit Corporation.....		4,000,000
		<u>\$211,330,000</u>

SCHEDULE "B"

Educational Purposes		
(a) Frontier School Division.....	\$1,994,000	
(b) Universities.....	<u>6,323,800</u>	\$ 8,317,800
Frontier and Resource Roads.....		10,000,000
The Pas Special Area Agreement.....		2,700,000
Grants re Municipal Sewer and Water Systems.....		1,550,000
Winter Works and Emergency Programs.....		13,400,000
Beef Cattle Stocker Program		
(a) for Purchase.....	\$1,000,000	
(b) for Loan Guarantee.....	<u>1,000,000</u>	2,000,000
General Purposes.....		<u>24,182,000</u>
		\$ 62,149,800
		<u>\$273,479,800</u>

SUMMARIZED STATEMENT OF DIRECT PUBLIC DEBT AS OF MARCH 31, 1972

Funded Debt:

Bonds and Debentures:

Payable in Canadian Dollars	\$ 309,166,415	
Payable in United States Dollars	155,000,000	
Payable in European Units of Account (Canadian Dollar Value)	<u>26,807,625</u>	\$ 490,974,040

Treasury Bills and Other Notes - payable in Canadian Dollars		<u>45,543,630</u>
		536,522,670

Unfunded Debt:

Bank Loan	30,500,000	
Accrued Interest and Other Charges	12,185,745	
Accounts Payable	2,615,004	
Special Funds	<u>58,570,520</u>	<u>103,871,269</u>
Total Direct Public Debt		640,393,939

The Province considers the following assets to be proper deductions in arriving at Net Direct Public Debt:

Sinking Funds - Cash and Investments		63,085,918
Special Reserve for Retirement of Debt		21,769,330
Cash on hand and in Banks - net		16,287,587
Temporary and Other Investments		60,739,804
Advances to Manitoba Hydro	\$ 134,568,430	
Less: Premium on U.S. funds	<u>10,040,430</u>	
	174,528,000	
Less: Sinking Funds included above	<u>9,309,840</u>	165,128,160
Advances to Manitoba Telephones	48,700,000	
Less: Sinking Funds included above	<u>6,615,872</u>	42,084,128
Advances to Manitoba Development Corporation (See Note below)		145,487,500
Advances to Manitoba Agricultural Credit Corporation		49,484,958
Advances to Leaf Rapids Corporation		2,000,000
Advances to Municipalities and Schools		13,538,376
Other - net		<u>12,279,016</u>
		<u>591,884,807</u>
Net Direct Public Debt		\$ <u>48,509,132</u>

Note: The financial statement of Manitoba Development Corporation shows a deficit on operations of \$22,844,886, as at March 31, 1972. 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.

Note: A comparison of net Direct Public Debt for the years 1968-71 is as follows:

	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>
As at March 31	\$ 88,592,138	\$ 76,536,791	\$ 54,592,024	\$ 27,023,598

STATEMENT OF GUARANTEES OUTSTANDING
BY CLASS OF BORROWER

	<u>December 31,</u> <u>1971</u>	<u>March 31,</u> <u>1972</u>	<u>December 31,</u> <u>1972</u>
<u>Guaranteed as to Principal and Interest:</u>			
Manitoba Hydro	\$ 591,809,040	\$ 595,025,000	\$ 746,945,000
Manitoba Telephone System	168,500,000	168,500,000	168,500,000
Manitoba Water Supply Board	5,977,000	5,977,000	5,977,000
University of Manitoba	26,612,424	26,612,424	26,532,552
Manitoba Development Corporation	24,915,000	24,915,000	24,915,000
Manitoba School Capital Financing Authority	97,742,000	98,495,000	103,000,000
Manitoba Agricultural Credit Corp.	8,850,000	8,850,000	8,850,000
Hospitals and Other	<u>6,136,820</u>	<u>6,404,320</u>	<u>6,121,456</u>
	<u>930,842,284</u>	<u>934,778,744</u>	<u>1,080,841,018</u>
 <u>Guaranteed as to Interest Only:</u>			
School Districts	2,200,472	2,200,472	1,934,946
Municipalities	<u>1,405,823</u>	<u>1,405,823</u>	<u>1,202,135</u>
	<u>3,607,295</u>	<u>3,607,295</u>	<u>3,137,081</u>
	<u>\$ 934,449,579</u>	<u>\$ 938,386,039</u>	<u>\$ 1,093,978,099</u>

Note: Sinking Funds and other Debt Retirement Funds at December 31, 1972, total:

(a) For General Purpose Debt	\$ 73,379,018
(b) For Self-sustaining Direct and Guaranteed Debt	<u>87,329,358</u>
	<u>\$ 160,708,376</u>

COMPARISON OF YEARLY PROVINCIAL TAX LIABILITIES - FORMER GOVERNMENT IN 1969 AND PRESENT GOVERNMENT IN 1973
(AFTER 1973 BUDGET)

1. Family of 4 (Married Taxfiler, Spouse, 2 Children under 16)

Yearly Gross Income	Taxes Under Former Government (1969)			Taxes Under Present Government (1973 - After 1973 Budget)				Tax Savings 1973 Over 1969 (Difference between yearly tax liability in 1969 and in 1973)	
	Personal Income Tax (33%)	Health Insurance Premiums	Total Taxes	Personal Income Tax (42.5%)	Health Insurance Premiums	Tax Credit	Total Taxes		
\$ 2,000	0.00	204.00	204.00	0.00	0.00	(200.00)	(200.00)	\$404.00	SAVING
4,000	50.00	204.00	254.00	11.00	0.00	(198.00)	(187.00)	441.00	SAVING
6,000	158.00	204.00	362.00	164.00	0.00	(179.00)	(15.00)	377.00	SAVING
8,000	296.00	204.00	500.00	339.00	0.00	(159.00)	180.00	320.00	SAVING
10,000	459.00	204.00	663.00	527.00	0.00	(139.00)	388.00	275.00	SAVING
12,000	647.00	204.00	851.00	732.00	0.00	(119.00)	613.00	238.00	SAVING
15,000	987.00	204.00	1191.00	1072.00	0.00	(100.00)	972.00	219.00	SAVING
20,000	1685.00	204.00	1889.00	1767.00	0.00	(100.00)	1667.00	222.00	SAVING
50,000	6628.00	204.00	6832.00	6729.00	0.00	(100.00)	6629.00	203.00	SAVING

Parentheses () indicate negative amount.

Tax credit totals shown assume sufficient property taxes or rental equivalents to qualify for these benefit levels.

COMPARISON OF YEARLY PROVINCIAL TAX LIABILITIES - FORMER GOVERNMENT IN 1969 AND PRESENT GOVERNMENT IN 1973
(AFTER 1973 BUDGET)

2. Married Couple (Married Taxfiler, Dependent Spouse)

Yearly Gross Income	Taxes Under Former Government (1969)			Taxes Under Present Government (1973 - After 1973 Budget)				Tax Savings 1973 Over 1969 (Difference between yearly tax liability in 1969 and in 1973)	
	Personal Income Tax (33%)	Health Insurance Premiums	Total Taxes	Personal Income Tax (42.5%)	Health Insurance Premiums	Tax Credit	Total Taxes		
\$ 2,000	0.00	204.00	204.00	0.00	0.00	(200.00)	(200.00)	\$404.00	SAVING
4,000	78.00	204.00	282.00	53.00	0.00	(192.00)	(139.00)	421.00	SAVING
6,000	195.00	204.00	399.00	215.00	0.00	(173.00)	42.00	357.00	SAVING
8,000	340.00	204.00	544.00	392.00	0.00	(153.00)	239.00	305.00	SAVING
10,000	510.00	204.00	714.00	585.00	0.00	(133.00)	452.00	262.00	SAVING
12,000	706.00	204.00	910.00	796.00	0.00	(113.00)	683.00	227.00	SAVING
15,000	1066.00	204.00	1270.00	1151.00	0.00	(100.00)	1051.00	219.00	SAVING
20,000	1774.00	204.00	1978.00	1856.00	0.00	(100.00)	1756.00	222.00	SAVING
50,000	6737.00	204.00	6941.00	6837.00	0.00	(100.00)	6737.00	204.00	SAVING

Parentheses () indicate negative amount.

Tax credit totals shown assume sufficient property taxes or rental equivalents to qualify for these benefit levels.

COMPARISON OF YEARLY PROVINCIAL TAX LIABILITIES - FORMER GOVERNMENT IN 1969 AND PRESENT GOVERNMENT IN 1973
(AFTER 1973 BUDGET)

3. Single Person (Single Taxfiler - No Dependants)

Yearly Gross Income	Taxes Under Former Government (1969)			Taxes Under Present Government (1973 - After 1973 Budget)				Tax Savings 1973 Over 1969	
	Personal Income Tax (33%)	Health Insurance Premiums	Total Taxes	Personal Income Tax (42.5%)	Health Insurance Premiums	Tax Credit	Total Taxes	(Difference between yearly tax liability in 1969 and in 1973)	
\$ 2,000	33.00	102.00	135.00	15.00	0.00	(198.00)	(183.00)	\$318.00	SAVING
4,000	133.00	102.00	235.00	166.00	0.00	(178.00)	(12.00)	247.00	SAVING
6,000	267.00	102.00	369.00	339.00	0.00	(159.00)	180.00	189.00	SAVING
8,000	424.00	102.00	526.00	527.00	0.00	(139.00)	388.00	138.00	SAVING
10,000	607.00	102.00	709.00	732.00	0.00	(119.00)	613.00	96.00	SAVING
12,000	820.00	102.00	922.00	954.00	0.00	(100.00)	854.00	68.00	SAVING
15,000	1198.00	102.00	1300.00	1335.00	0.00	(100.00)	1235.00	65.00	SAVING
20,000	1922.00	102.00	2024.00	2064.00	0.00	(100.00)	1964.00	60.00	SAVING
50,000	6918.00	102.00	7020.00	7093.00	0.00	(100.00)	6993.00	27.00	SAVING

Parentheses () indicate negative amounts.

Tax credit totals shown assume sufficient property taxes or rental equivalents to qualify for these benefit levels.

COMPARISON OF ANNUAL PERSONAL INCOME TAXES AND HEALTH INSURANCE PREMIUM TAXES

Ontario, Manitoba, Saskatchewan, Alberta, British Columbia
(Comparison Based on 1973 Tax Rates)

1. Family of 4 (Married Taxfiler, Spouse, 2 Children under 16)

Family's Yearly Gross Income	MANITOBA BEFORE 1973 BUDGET			MANITOBA AFTER 1973 BUDGET			ONTARIO			SASKATCHEWAN			ALBERTA			BRITISH COLUMBIA		
	Income Tax	Premium Tax*	Total Taxes	Income Tax	Premium Tax	Total Taxes	Income Tax	Premium Tax	Total Taxes	Income Tax	Premium Tax	Total Taxes	Income Tax	Premium Tax	Total Taxes	Income Tax	Premium Tax	Total Taxes
	(42.5%) \$	\$	\$	(42.5%) \$	\$	\$	(30.5%) \$	\$	\$	(40.0%) \$	\$	\$	(36.0%) \$	\$	\$	(30.5%) \$	\$	\$
\$ 2,000	0	100	100	0	0	0	0	0	0	0	72	72	0	48	48	0	15	15
3,000	0	100	100	0	0	0	0	0	0	72	72	72	0	48	48	0	15	15
4,000	11	100	111	11	0	11	8	132	140	11	72	83	10	72	82	8	75	83
5,000	82	100	182	82	0	82	59	132	191	78	72	150	70	138	208	59	150	209
6,000	164	100	264	164	0	164	117	264	381	154	72	226	139	138	277	117	150	267
7,000	249	100	349	249	0	249	179	264	443	235	72	307	211	138	349	179	150	329
8,000	339	100	439	339	0	339	243	264	507	319	72	391	289	138	427	243	150	393
9,000	429	100	529	429	0	429	308	264	572	404	72	476	364	138	502	308	150	458
10,000	527	100	627	527	0	527	378	264	642	496	72	568	446	138	584	378	150	528
11,000	626	100	726	626	0	626	449	264	713	589	72	661	530	138	668	449	150	599
12,000	732	100	832	732	0	732	526	264	790	689	72	761	620	138	758	526	150	676
15,000	1,072	100	1,172	1,072	0	1,072	769	264	1,033	1,009	72	1,081	908	138	1,046	769	150	919

*The former Manitoba yearly premium of \$99.60 has been rounded to \$100 to simplify the comparison.

This table shows that, after the elimination of health insurance premiums in Manitoba, "personal taxes" (personal income taxes plus premiums) are lower in Manitoba than in Ontario and Alberta for families of four with incomes up to almost \$15,000. They are lower in Manitoba than in Saskatchewan for families with incomes up to slightly over \$15,000, and they are lower in Manitoba than in British Columbia for families with incomes up to about \$10,000. Because approximately 75% of Manitoba families of four have incomes of \$10,000 or less, these figures show clearly that personal taxes in Manitoba are among the lowest in Canada for most families.

COMPARISON OF ANNUAL PERSONAL INCOME TAXES AND HEALTH INSURANCE PREMIUM TAXES.

Ontario, Manitoba, Saskatchewan, Alberta, British Columbia
(Comparison Based on 1973 Tax Rates)

2. Married Couple (Married Taxfiler, Dependent Spouse)

Couple's Yearly Gross Income	MANITOBA BEFORE 1973 BUDGET			MANITOBA AFTER 1973 BUDGET			ONTARIO			SASKATCHEWAN			ALBERTA			BRITISH COLUMBIA		
	Income Tax (42.5%) \$	Premium Tax* \$	Total Taxes \$	Income Tax (42.5%) \$	Premium Tax \$	Total Taxes \$	Income Tax (30.5%) \$	Premium Tax \$	Total Taxes \$	Income Tax (40.0%) \$	Premium Tax \$	Total Taxes \$	Income Tax (36.0%) \$	Premium Tax \$	Total Taxes \$	Income Tax (30.5%) \$	Premium Tax \$	Total Taxes \$
\$ 2,000	0	100	100	0	0	0	0	0	0	0	72	72	0	48	48	0	12	12
3,000	0	100	100	0	0	0	0	0	0	72	72	72	0	48	48	0	12	12
4,000	53	100	153	53	0	53	38	132	170	50	72	122	45	72	117	38	60	98
5,000	131	100	231	131	0	131	94	132	226	123	72	195	111	138	249	94	120	214
6,000	215	100	315	215	0	215	154	264	418	202	72	274	182	138	320	154	120	274
7,000	303	100	403	303	0	303	217	264	481	285	72	357	257	138	395	217	120	337
8,000	392	100	492	392	0	392	282	264	546	369	72	441	332	138	470	282	120	402
9,000	488	100	588	488	0	488	350	264	614	459	72	531	413	138	551	350	120	470
10,000	585	100	685	585	0	585	420	264	684	551	72	623	496	138	634	420	120	540
11,000	690	100	790	690	0	690	495	264	759	649	72	721	584	138	722	495	120	615
12,000	796	100	896	796	0	796	571	264	835	749	72	821	674	138	812	571	120	691
15,000	1,151	100	1,251	1,151	0	1,151	826	264	1,090	1,083	72	1,155	975	138	1,113	826	120	946

*The former Manitoba yearly premium of \$99.60 has been rounded to \$100 to simplify the comparison.

This table shows that, after the elimination of health insurance premiums in Manitoba, "personal taxes" (personal income taxes plus premiums) are lower in Manitoba than in Ontario and Alberta for married couples with incomes up to slightly over \$12,000. They are lower in Manitoba than in Saskatchewan for couples with incomes up to around \$15,000, and they are lower in Manitoba than in British Columbia for couples with incomes up to almost \$9,000. Because approximately 85% of Manitoba married couples have incomes of \$9,000 or less, these figures show clearly that personal taxes in Manitoba are among the lowest in Canada for most couples.

COMPARISON OF ANNUAL PERSONAL INCOME TAXES AND HEALTH INSURANCE PREMIUM RATE TAXES

Ontario, Manitoba, Saskatchewan, Alberta, British Columbia
(Comparison Based on 1973 Tax Rates)

3. Single Person (Single Taxfiler, No Dependents)

Single Person's Yearly Gross Income	MANITOBA BEFORE 1973 BUDGET			MANITOBA AFTER 1973 BUDGET			ONTARIO			SASKATCHEWAN			ALBERTA			BRITISH COLUMBIA		
	Income Tax (42.5%)	Premium Tax*	Total Taxes	Income Tax (42.5%)	Premium Tax	Total Taxes	Income Tax (30.5%)	Premium Tax	Total Taxes	Income Tax (40.0%)	Premium Tax	Total Taxes	Income Tax (36.0%)	Premium Tax	Total Taxes	Income Tax (30.5%)	Premium Tax	Total Taxes
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
\$ 1,000	0	50	50	0	0	0	0	0	0	0	36	36	0	24	24	0	6	6
2,000	15	50	65	15	0	15	11	66	77	14	36	50	13	36	49	11	30	41
3,000	87	50	137	87	0	87	63	132	195	82	36	118	74	69	143	63	60	123
4,000	166	50	216	166	0	166	119	132	251	156	36	192	141	69	210	119	60	179
5,000	249	50	299	249	0	249	179	132	311	235	36	271	211	69	280	179	60	239
6,000	339	50	389	339	0	339	243	132	375	319	36	355	287	69	356	243	60	303
7,000	429	50	479	429	0	429	308	132	440	404	36	440	364	69	433	308	60	368
8,000	527	50	577	527	0	527	378	132	510	496	36	532	446	69	515	378	60	438
9,000	626	50	676	626	0	626	449	132	581	589	36	625	530	69	599	449	60	509
10,000	732	50	782	732	0	732	526	132	658	689	36	725	620	69	689	526	60	586
11,000	840	50	890	840	0	840	603	132	735	790	36	826	711	69	780	603	60	663
12,000	954	50	1,004	954	0	954	685	132	817	898	36	934	809	69	878	685	60	745
15,000	1,335	50	1,385	1,335	0	1,335	958	132	1,090	1,257	36	1,293	1,131	69	1,200	958	60	1,018

*The former Manitoba yearly premium of \$49.80 has been rounded to \$50 to simplify the comparison

This table shows that, after the elimination of health insurance premiums in Manitoba, "personal taxes" (personal income taxes plus premiums) are lower in Manitoba than in Ontario and Alberta for single persons with incomes up to slightly over \$7,000. They are lower in Manitoba than in Saskatchewan for single persons with incomes up to about \$9,000, and they are lower in Manitoba than in British Columbia for single persons with incomes up to almost \$5,000. Because approximately 75% of single people in Manitoba have incomes under \$5,000, these figures show clearly that personal taxes in Manitoba are among the lowest in Canada for most single persons.

FINANCING ELEMENTARY AND SECONDARY EDUCATION IN MANITOBA

1969-73 (\$ million)

	1968	1969	1970	1971	1972 (Budget Statements)	1973 (Preliminary Budget Statements)
(A)						
School Taxes Levied	\$61.3	\$68.7	\$75.8	\$77.5	\$88.7	\$88.0
-General and Foundation Levies	36.2	34.1	33.9	33.0	34.7	28.4
-Special Levies	<u>25.1</u>	<u>34.6</u>	<u>42.0</u>	<u>44.5</u>	<u>54.0</u>	<u>59.6</u>
Minus Rebates and Tax Credits.	<u>-2.0</u>	<u>-1.3</u>	<u>-1.2</u>	<u>-.8</u>	<u>-40.8⁽¹⁾</u>	<u>-42.2⁽²⁾</u>
Net Local Levy.	\$59.4 44%	\$67.4 45%	\$74.6 46%	\$76.6 42%	\$47.9 24%	\$45.8* 21%
(B)						
Provincial Share of Foundation Program and Other Provincial Grants plus Rebates and Tax Credits.	\$65.6	73.6	80.2	97.1	102.6	121.6
	<u>+2.0</u>	<u>+1.3</u>	<u>+1.2</u>	<u>+1.8</u>	<u>+40.8</u>	<u>+42.2</u>
Provincial Share.	\$67.6 50%	\$74.9 50%	\$81.4 50%	\$97.9 54%	\$143.4 71%	\$163.8 75%
(C)						
Other Revenue	\$8.0 6%	\$6.8 5%	\$6.7 4%	\$6.7 4%	\$9.5 5%	\$9.6 4%
Total Elementary and Secondary Education Expenditure	\$135.0 100%	\$149.2 100%	\$162.7 100%	\$181.3 100%	\$200.8 100%	\$219. 0%

(1) 1972 School Tax Reduction, 1972 Education Property Tax Credit and Other Rebates.

(2) 1973 Property Tax Credit Plan and Other Rebates. The 1973 Property Tax Credit Plan will yield credits on the basis of all property taxes paid whereas in 1972 the Credit Plan was based on education property taxes.

* The tax credits and rebates shown for 1972 and 1973 go to reduce farm and residential property taxes. Of the approximately \$46 Million remaining in 1973 education property taxes, some \$41 Million will be paid by revenue-bearing property (industrial and commercial establishments) with approximately \$5 Million paid by farm and residential assessment. In 1968 approximately \$30 Million in education property taxes were collected from farm and residential assessment with about \$29 Million raised from industrial and commercial assessment.

**IMPACT OF MANITOBA
PROPERTY TAX
CREDIT PLAN**

TABLE 1

IMPACT OF 1973 MANITOBA PROPERTY TAX CREDIT PLAN
ON VARIOUS TYPICAL TAXPAYERS — BASIC CREDIT
OF \$200 LESS 1% OF TAXABLE INCOME (MINIMUM \$100)
— BY GROSS INCOME LEVEL^(*)

MANITOBA PROPERTY TAX CREDIT			
Gross Income	Single Taxpayer	Married Taxpayer	Married Taxpayer 2 Dependants Under age 16
\$ 1,000	\$200	\$200	\$200
1,500	200	200	200
2,000	198	200	200
2,500	193	200	200
3,000	188	200	200
3,500	183	197	200
4,000	178	192	198
4,500	173	187	193
5,000	169	183	189
6,000	159	173	179
7,000	149	163	169
8,000	139	153	159
9,000	129	143	149
10,000	119	133	139
11,000	109	123	129
12,000	100	113	119
13,000	100	103	109
14,000 and over.	100	100	100

* All examples assume sufficient property taxes or rental equivalents to qualify for these benefit levels.

TABLE 11

IMPACT OF 1973 MANITOBA PROPERTY TAX CREDIT PLAN
 — BASIC CREDIT OF \$200 LESS 1% OF TAXABLE
 INCOME (MINIMUM \$100) — BY TAXABLE INCOME LEVEL⁽¹⁾

Taxable Income	1973		
	Manitoba Personal Income Tax Liability	Manitoba Property Tax Credit Entitlement	Manitoba Personal Income Tax Payable After Credit
\$	\$	\$	\$
0	0	200	(200)
500	32	195	(163)
1,000	70	190	(120)
1,500	111	185	(74)
2,000	151	180	(29)
2,500	193	175	18
3,000	236	170	66
3,500	281	165	116
4,000	325	160	165
4,500	370	155	215
5,000	414	150	264
6,000	512	140	372
7,000	610	130	480
8,000	716	120	596
9,000	822	110	712
10,000	937	100	837
11,000	1,052	100	952
12,000	1,184	100	1,084
13,000	1,315	100	1,215
14,000	1,447	100	1,347
15,000	1,596	100	1,496
20,000	2,340	100	2,240

(1) Assuming sufficient property taxes or rental equivalents to qualify for these benefit levels.

TABLE 111

DISTRIBUTION OF BENEFITS UNDER 1973 MANITOBA
PROPERTY TAX CREDIT PLAN⁽¹⁾ — BASIC CREDIT
OF \$200 LESS 1% OF TAXABLE INCOME (MINIMUM \$100)

PERCENTAGE OF TAXFILERS BY MARITAL STATUS ELIGIBLE
FOR VARIOUS LEVELS OF BENEFITS

<u>Benefit Level</u>	<u>Single</u>	<u>Married</u>	<u>Married 2 Dependants</u>
\$	%	%	%
200	47.7	38.6	31.5
190	11.5	12.8	5.1
180	12.7	7.2	7.0
170	9.0	11.4	7.8
160	5.5	6.6	9.4
150	4.2	6.0	8.6
140	3.3	4.5	7.2
130	2.1	4.5	6.6
120	1.7	2.0	3.3
110	.6	3.1	7.6
100	1.7	3.3	5.9
TOTALS	100.0	100.0	100.0

(1) Assuming sufficient property taxes or rental equivalents to qualify for these benefit levels.

TABLE IV

DISTRIBUTION OF PENSIONERS AND FARMERS
 BY BENEFIT LEVEL⁽¹⁾ UNDER 1973 MANITOBA
 PROPERTY TAX CREDIT PLAN — BASIC CREDIT
 OF \$200 LESS 1% OF TAXABLE INCOME
 (MINIMUM \$100).

<u>Benefit Level</u>	<u>Farmers</u>	<u>Pensioners</u>
\$	%	%
200	83.9	81.1
180	10.8	11.8
160	2.8	4.0
140	.5	1.7
120	1.5	1.1
100	.5	.3
TOTALS	<u>100.0</u>	<u>100.0</u>

(1) Assuming sufficient property taxes or rental equivalents to qualify for these benefit levels.

**SOCIAL ALLOWANCE
ADJUSTMENTS
(EFFECTIVE MAY, 1973)**

SCHEDULE OF REVISIONS TO MONTHLY SOCIAL ALLOWANCE RATES
EFFECTIVE MAY 1, 1973

CATEGORY	CURRENT MONTHLY RATE	REVISED MONTHLY RATE
<u>FOOD</u>		
Each person over 19 years of age	28.60	31.60
15 to 19	33.00	36.50
12 to 14	29.70	32.80
7 to 11	24.20	26.80
4 to 6	19.80	21.90
birth to 3	17.60	19.50
NOTE 1. Where the household unit consists of three or less beneficiaries, the following additions shall be made:		
For a single person	5.50	6.10
For each of two persons	3.30	3.60
For each of three persons	1.10	1.20
NOTE 2. Where the household unit consists of more than five beneficiaries, the following deduction shall be made:		
For each person over five	2.20	2.40

<u>CLOTHING</u>		
Each person 65 years of age or over	11.60	12.30
20 to 64	7.50	11.50
15 to 19	9.00	14.50
12 to 14	7.50	11.00
7 to 11	7.50	8.00
birth to 6	6.00	6.50
NOTE 1. Each child not living with his own family - the actual cost as required and authorized by the director.		
NOTE 2. For each employed adult the following may be added:	7.50	8.00

SCHEDULE OF REVISIONS TO MONTHLY SOCIAL ALLOWANCE RATES
EFFECTIVE MAY 1, 1973

CATEGORY	CURRENT MONTHLY RATE	REVISED MONTHLY RATE
<u>HOUSEHOLD AND PERSONAL NEEDS</u>		
<u>-Personal Needs</u>		
For an adult recipient under 65 years of age	12.00	13.50
For a blind adult recipient	17.00	18.50
For each adult under 65 years of age in a board and room situation	12.00	16.00
For a single or married recipient 65 years of age or older who does not reside in a licensed institution for the care of the aged and infirm	40.50	50.00
For a married recipient and his dependent spouse who are 65 years of age or older and are living together other than in a licensed institution for the care of the aged and infirm, for the recipient	32.85	42.00
and for his dependent spouse	32.85	42.00
For a recipient 65 years of age or older who resides in a licensed institution for the aged and infirm, who is not socially inactive by reason of physical or mental infirmity	14.21	18.00
but where such recipient is socially inactive by reason of physical and mental infirmity	5.00	5.00
<u>-Household Supplies</u>		
For each household unit	3.00	3.00
For each person in a household unit after the first	1.00	1.00