

THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Thursday, April 24, 1975

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: I beg to move, seconded by the Honourable the Minister of Labour that you, sir, 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.

MOTION presented and carried and the House resolved itself into a Committee of Ways and Means, with the Honourable First Minister in the Chair.

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MR. SCHREYER: Mr. Speaker, I trust it will be well received by all honourable gentlemen in the House if I were to depart from tradition for just one minute to refer to the great continuity we have in the Province of Manitoba with respect to the care and custody and deliberation of our financial concerns. I refer to the fact that this year, 1975, is the 25th year in which our Deputy Minister of Finance, Mr. Stuart Anderson has been Deputy Minister.

Mr. Speaker, 1950-1975, and in the period of 25 years or a quarter of a century spanning three different administrations and at a time when there has been great change taking place with respect to the dimensions of our expenditures and our Budgets, I think we have been privileged to be served by such an honourable gentleman and I take some comfort from the fact, as I think we all do, that he is the Dean among Deputy Ministers of Finance in Canada.

In 1973, Mr. Speaker, in trying to capture the substance and the spirit of the budgetary objectives and goals, I concluded our Government's Budget Address for that year with a quotation from the late President Franklin Roosevelt as follows:

" 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. "

I have repeated those words tonight because I feel strongly that the philosophy they reflect has never been more important than it is right now - nor has it been more sorely tested than in the current cacophony of salary demands and professional fee demands, following in the wake of increases in prices and profits in the last 18 months.

Ever since our New Democratic Government was elected to office nearly six years ago, we have stood by that philosophy - and we will continue to uphold it, for as long as we are privileged to serve the people of this province.

In the face of serious national and international inflationary pressures in recent years, our government's dedication to the principles of equality and social justice has helped, I like to think, to some significant degree our citizens achieve what we believe has been considerable progress - a degree of progress which I would say has been unmatched during the past 50 years but if which might be regarded as an exaggeration, I would say certainly unmatched during the present generation.

And I will be tabling documents later this evening to illustrate this assertion in graphic form. In many cases this progress can be measured in terms of indisputable, objective statistics. In other cases, it has to be judged admittedly in somewhat subjective terms, in terms of the changing human values we see around us - values such as more equality of opportunity and more equality of the human condition itself and in the growing confidence among growing numbers of Manitobans, because of that greater equality, that their hopes and aspirations can and will be fulfilled - regardless of family background, regardless of family wealth.

Despite jurisdictional and fiscal constraints, we have been able as a Provincial Government of a province of one million people to introduce I think rather new and innovative services, while increasing employment, and providing significant tax reductions, especially at lower income levels. Tables which will be distributed later will demonstrate those reductions at every level of income. And here, sir, I pause for effect and emphasis to say that equal levels of income as between 1969 and 1975 show significantly lower taxation today than 5 or 6 years ago. For example a \$10,000 a year family with 2 children under age 16 would have paid, did pay, \$714 in provincial income tax and health taxes in that year. Someone who was

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(MR. SCHREYER cont'd) earning \$10,000 in 1973 or '74 would have paid, same family 2 children, \$388 in the same taxes, and after the Budget tonight, sir, that same family, not that same family but a family at \$10,000 - man, wife, two children under 16 - will pay not \$714, not \$318, but \$123 in provincial income tax and health taxes. This, Mr. Speaker, goes some of the way to offset the impact of inflation. I should think quite some distance indeed towards offsetting the impact of inflation and it goes a long way to destroying some of the myth that government necessarily will have higher revenues during a time of inflation because it will not do anything about it. An argument which by the way conveniently forgets that governments like anyone else have to shoulder higher costs during a period of inflation.

I think honourable members would be interested if I were to refer to the fact that in one of our sister provinces they published a chart showing a cross-section of goods and services bought by Government which have sharply increased in price to government. The price of food bought for institutions of government, sugar - 300 percent increase; skim milk - 60 percent increase; flour product, biscuits - 40 percent increase; medical drugs, Butone capsules - 118 percent increase; penicillin - 72 percent increase in one year; calcium chloride for highways, I presume - 22 percent increase; fuel oil - 100 percent increase in one year; asphalt - 105 percent increase; data processing cards - 105 percent increase. And all of these things which have been measured as to increase in the Province of Ontario apply to any sister province in Canada as being more or less the magnitude of the increase of costs that government have to face during times of inflation. But, sir, I don't want to dwell on that. I would like to say that our sense of achievement should not be mistaken, and we do have, my colleagues and I, a considerable sense of achievement but that should not be mistaken for complacency. We have not we admit been able to shield our citizens adequately from the effects of major national and indeed international economic disruptions resulting from inflation and the effects, the cumulative effects, of a continuation of simplistic percentage increases in salary adjustments across our country over many years. Therefore, our efforts in dealing with these problems, and in reducing social and economic disparities, will become difficult enough.

The budgetary proposals I will place before the House tonight will make it clear that we are prepared to meet that challenge directly. We intend to take deliberate action to safeguard the benefits the people of Manitoba have gained in recent years and to make certain that the pattern of progress which has been established during those years will be maintained in 1975.

Before I deal in detail with the economic situation which confronts Manitoba in the year ahead, I want to review briefly some of the more important statistics which are now available to us after fiscal year end.

As has already been announced, our Gross Provincial Product, which stood at about \$2 billion in 1960, and at \$3.5 billion at the end of the decade of the 1960s, 10 years later in 1974 exceeded the \$6 billion mark. And I invite honourable members to do some mental calculation to net out the effect of inflation so as to get a constant dollar value, because even with that, sir, the progress has been dramatic and impressive enough. It is now estimated that the increase was some 18.2 percent over the previous year's record level. Once again, Manitoba's Gross Provincial Product grew faster than the Gross National Product for Canada as a whole even though our inflation rate remained marginally lower - no point in bragging about it, sir, but it did remain marginally lower than the 1974 inflation rate for Canada as a whole. This means then that the "real growth" with inflation squeezed out in our calculation, that the real growth after the effects of inflation are netted out continued to outpace the Canadian average in 1974.

The substantial growth in our gross provincial wealth or product in the past year was paralleled by increases of approximately 18 percent in total personal income, 19 percent in labour income, and over 30 percent in farm cash income, even with a levelling off in the value of agricultural output during 1974. So netting out for inflation, the respective rates of increase are approximately 6-1/2 percent, 7-1/2 percent and 17-3/4 percent.

Every year since 1971, the per capita incomes of Manitoba after taxes have increased more quickly than the national average for all ten provinces. And mark, sir, in 1974, for the first time in many years, our province's average disposable per capita income after taxes, our

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(MR. SCHREYER cont'd) province's average after tax income, etc. actually exceeded the Canadian national average. We believe that this indicator proves rather conclusively that Manitobans are not, by any means, overtaxed relative to the citizens elsewhere in Canada with respect to one or two provinces, well one province, sir, perhaps, but not taken as a national whole. And I might add that the results are the same both before and after the effects of inflation are netted out.

As was noted earlier, the total value of agricultural output levelled off during 1974, but, at around \$1.2 billion, it remained more than two and a half times as high as the year in which our government took office. The value of manufacturing shipments increased by over 23 per cent last year and retail trade expended close to 16 percent.

Total investment in the private sector grew by about 25 percent last year and reached a level which was, once again, almost double the total in the year before we were elected. In the public and private sectors combined, the overall increase in investment was more than 22 percent.

Although housing starts - and we hear something about this, Mr. Speaker, from implied criticism - but nevertheless the fact is that although housing starts declined in 1974 in Manitoba, as they did everywhere else in Canada, housing completions increased to a new record of 12,164 units. And total construction activity also increased to a new record level.

Manitoba's average unemployment in 1974, 3.1 percent, was down from the 3.9 percent figure recorded in 1973. Indeed, as we all know, our province's jobless rate or unemployment rate was among the lowest in the country and was more than two full percentage points below the national average of 5.4 percent unemployment. By the end of December, 1974, it can be said that 60,000 additional jobs had been created in Manitoba in the past five years.

Inflation, of course, without belaboring the point, was the most obvious economic problem throughout Canada last year. Although the consumer price index for Winnipeg increased somewhat less quickly than the national index, the people of our province experienced substantial price escalation in nearly all essential goods and services. We believe, however, that several measures our government introduced last year, including higher tax credits, the special supplement for the elderly, the indexation of social allowance benefits, universal medical drug assistance, along with new programs and tax reductions which were implemented in previous years, helped provide a significant degree of real income protection for our citizens, especially those with low and fixed incomes who have historically and traditionally been hurt worst during periods of rapid inflation. The relatively favourable after-tax income figures to which I referred earlier seem to support this conclusion.

Looking ahead, sir, insofar as the year 1975 now appears, it would seem that Canadians are likely to face a continuation of double-digit inflation, coupled with unfortunately growing unemployment particularly in a pattern from east to west.

At the First Ministers' Conference in Ottawa earlier this month, I pointed out that if present national forecasts turn out to be correct, then Canada's overall economic performance in 1975 may well be one of the worst in this generation's memory.

In these circumstances, it is inevitable that our own provincial economy will be subjected to increasing pressure.

The specific budgetary proposals to be presented later this evening have been formulated in anticipation of just such pressures.

However, it is clear that a single provincial administration on its own, cannot reasonably expect to overcome problems as serious as those which most Canadians will face in the months ahead. This is particularly true in the case of inflation, but it is also true with respect to unemployment. The origins of both these problems are primarily international and national, I would say rather, to transpose that, primarily national and international, and solutions have to be found through action at the federal level which is closely co-ordinated with that of the provinces.

For this reason, our government is encouraged to put it in a positive vein, the Province of Manitoba is encouraged to learn that the Government of Canada has decided to introduce a new budget later this spring. It is now quite evident that its budgetary proposals of last November were inadequate to deal with the present economic situation, as it is rapidly unfolding much less was it able to anticipate or deal with the worsening trend in unemployment which is predicted for the latter half of 1975.

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(MR. SCHREYER cont'd)

During discussions of the state of the economy at the First Ministers' Conference on April 9 and 10, I outlined some of the measures which our government believes should be considered for the New Federal Budget. These measures include:

Special job creation programs, but of a selective kind;

Substantially-increased financial support - there can be no question of this, sir, in the area of housing; and

The immediate introduction of an income supplementation program for low income people, particularly the working poor.

In addition, we believe steps should be taken immediately to safeguard the income of agricultural producers against possible declines, and this becomes very critical, sir, because although we now accept that agricultural income is much better than it was a few years ago, the cost of production, or the cost of inputs to our farmers, has increased just incredibly and the sharp increases in farm commodity values, rather surprising as it may seem, cannot stand much of a decline because of the escalation and the cost of inputs or production. And, sir, we would also suggest to the Government of Canada to seek to improve and enforce competition legislation so as to restrict monopolistic prices, profiteering, and price gouging.

We have already indicated that our government will co-operate, and let there be no mistake about that, sir, the Province of Manitoba will co-operate with the Government of Canada in its efforts to seek a national consensus on how to deal with the problem of inflation. However, much as we support this national desire, it's more of a desire than an effort to date. We are concerned that the proposed voluntary "targets" for restraint in prices, salaries and profits, may not be particularly effective. Clearly they must not be one-sided in their application. In particular, such guidelines must take into account the need for alternatives to percentage increases in salaries which have, during our lifetime, only succeeded in widening disparities and do nothing to help offset the impact of inflation on average-income households.

It is our government's view that current economic problems require far more than voluntary measures. The recurrence of damaging cyclical swings in the Canadian economy can only be offset effectively through a strong national planning mechanism and through policies designed to control profits, to regulate the prices of essential goods and services, to limit incomes from interest, professional fees and other similar sources, and to guarantee, perhaps that's putting it too strongly, sir, to give some better indication than up to now with respect to average working families that their purchasing power will not be eroded over time.

Co-ordinated national guideline planning is also necessary to ensure that our scarce resources are not squandered on projects whose economic and social value may be questionable. We believe that a comprehensive national investment policy is required to meet our long-term needs for new sources of energy, and I can only say that that is critical, expanded housing supplies, and increased health and educational facilities.

Now, it is said, Mr. Speaker, that the major oil companies are attempting to lay claim to a larger share of our nation's financial resources in order to extend their exploration and development activities. Our government does not dispute the need for expanded oil supplies, but we believe that these supplies should be developed through a system which will cause the least possible disruption to our economy, and the least possible burden to the people of our country. Such a system would involve the application of some system as opposed to a non-system, the application of some system of pricing principles to oil product, just as they are already applied for electric utilities, natural gas utilities, and the like. We do not believe that significantly higher prices for "old" oil, from existing sources, are justifiable at this time merely because opportunity seems to suggest it. Opportunity in itself is not a justification for changes in price for a vital commodity and can there be any doubt but that oil has become the industrial life's blood upon which our economy on this continent has become almost, I would say, over-dependent, sir - the word might be better put as "addicted." And we will --(Interjection)--Mr. Speaker, I would not mind a rational discussion on oil pricing at any time. I understand that there is some considerable view shared across the way that the price of oil ought not to be allowed to increase significantly or substantially at this time, or is their leader, sir, speaking only for himself?--(Interjection)--I thought we had consensus on that one issue alone, as between the two sides of the House, but if I'm mistaken we should be advised because the issue is too important upon which to be unclear. We will continue to

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(MR. SCHREYER cont'd) emphasize this view in discussions with federal representatives in the coming months.

And, sir, we really believe that there is a very real distinction to be made between increasing the price of oil with respect to those uses of oil that can be substituted for by other forms of energy, even with present-day technology, where it's possible already to substitute for oil, as opposed to those uses of oil today for which there is no foreseeable substitute form of energy. And by that we mean that urban transit, urban transit consumption of oil, thermal generation of electricity by oil, and space heating by the turning up of oil are examples of uses where an increase if justified at all is far more justified than would be an increase in the price of oil for uses which there is no conceivable substitute such as in tractors, in combines, in civil aviation and in similar uses where, to repeat and it cannot be repeated enough, there is no realistic serious possibility of substitution of energy form at this time. So if the Federal Government wishes to refine its rationale for increasing the price of oil as between differentiating uses and non-substitutable uses, then there we believe can be a much more serious possibility of coming to some agreement as to price and price changes. But on the other hand, sir, there is far less, if any, justification, as I say, for a major increase of the price of oil for those uses for which there is no realistic alternative whatsoever.

The subject of oil pricing is only one of the major issues in the field of federal-provincial relations which will have to be dealt with in the near future.

Several major shared-cost and unconditional grant programs are now being renegotiated - as between all the provinces and Ottawa. The outcome of these negotiations will play an important part in determining the degree to which our government can continue to improve and expand the services we provide for the citizens of the province, and the assistance we can make available to municipal government and school divisions.

Among the documents or material which will be appended to the text of this Budget Address later this evening will be a brief paper on federal-provincial financial matters. It is an important area of concern, sir. All honourable members of this House should want to have that material but it is too lengthy to include in the Budget Address itself, so accordingly it will be distributed for their convenience and perusal. This paper will outline recent developments with respect to the negotiations concerning the equalization formula, the income tax revenue guarantee arrangements, the post-secondary education financing program, hospital insurance, Medicare, the Canadian Assistance Plan, joint economic development programming, and the recently, I think roughly 18 months ago, start-up of the national tri-level discussions of public finance, revenue-sharing - federal, provincial, municipal.

Well, Mr. Speaker, one of the most often-repeated concerns of municipal governments in recent years has been the inadequacy of their most important revenue source - the Real Property Tax. It has been argued that the Property Tax is deficient for two principal reasons:

First - it has been suggested that property tax revenues tend to grow more slowly over time than revenues from certain other forms of taxation. Well, Mr. Speaker, candidly, there is only a limited degree of validity of that argument. It is true to a degree; it is certainly not valid in its entirety, simply because assessments and property values also bear a relationship to economic buoyancy and inflation, and so adjustments take place in property value. Whether it is unbeknownst to many people or not, it is simply a fact. And maybe that degree of adjustment - there's too much of a time lag. Perhaps that's one of the problems.

But there is a second argument and that is that it has been pointed out that the impact of the tax on real property tends to be regressive; that is, that the burden of the Property Tax bears more heavily on low and middle income groups than it does on higher income groups and on revenue-bearing commercial property. That may be true, sir, and there is a way to offset some of that effect, as I will try to elaborate on in just a few moments.

Our government has responded to these arguments and concerns in several ways: For example, in 1973, we instituted the first provincial-municipal income tax revenue-sharing system in Canada. Under this system, the province transferred to the municipalities, on a "no-strings-attached" basis, an amount equal to 5 percent of total annual revenues from provincial, personal and corporation income taxes. Because the income taxes are based on progressive rates and have a relatively high "income elasticity", the revenues they yield tend to grow more quickly than revenues from any other sources. Under this revenue-sharing system, the municipalities have received the full benefit of this yearly revenue growth rate, and their

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(MR. SCHREYER cont'd) relative reliance on the Property Tax is by degree that much less than it would otherwise have been. As a result of this formula, per capita grants to municipalities have risen close to 60 percent in the past five years - from \$8.00 per capita in 1972 to \$12.66 per capita preliminary figures which were announced for this year. I shall add - now that the 1975 grant will increase as a result of a fiscal year-end adjustment I will explain later.

The Province has also withdrawn from the amusement tax field and has introduced legislation under which municipalities can apply this amusement tax or non-property tax source for their own purposes, and some have chosen to do so starting as of January 1.

In 1972, our government introduced a Property Tax Credit Program designed to reduce school property tax burdens on an equitable basis for homeowners, farmers, and renters. For 1973, benefits under this plan were increased from a \$140 maximum and \$50 general minimum up to a \$200 maximum and \$100 general minimum. In addition, the base was broadened to include all property taxes. Benefits were again increased for 1974 - to \$250 maximum and \$150 general minimum. For last year alone, the Property Tax Credit Plan reduced total property levies by about \$63 million. In other words, the net municipal tax payable by Manitobans last year would have been \$63 million higher had there been no tax credit plan.

In addition to the tax credits and unconditional grants, the Province has also increased each year its assistance to municipal governments and school divisions under numerous shared-cost program arrangements, such as the Public Transit grant, public school financial assistance through the Education Foundation Program, and so on. I wish to indicate, sir, that transit grants will increase this year again under a revised cost-sharing formula, whereby the Province will pay for the lesser of 50 percent of the previous year's deficit, or 50 percent of gross passenger revenues. The previous formula was the same in respect of the 50 percent share of the deficit, but the alternative was lower - that is 40 percent of gross passenger revenues was the other limitation. Grants under the revised formula for assistance to urban municipal public transit, Winnipeg, Brandon, will total some \$4.7 million in 1975. A new cost-sharing plan will also be introduced shortly to encourage the introduction on a broad scale of any variation of electrically-propelled transit systems. This program will also cover major associated costs and will be linked to proposed new federal urban transit financing arrangements. Overall, it should result in senior governments financing up to 75 percent of the capital costs of purchase of urban transit vehicles that are under any variation of electrical propulsion. Our government will also be proposing a plan for cost-sharing up to 50 percent - on an experimental basis with municipalities in the purchase of smaller electrically-powered vehicles required for general municipal purposes - any municipal purpose whatsoever.

Annual provincial expenditures under the Education Foundation Program are now roughly \$74 million higher than they were five years ago. So if anyone asks, where is the province spending all that money, one of the answers is right here with respect to public school education costs at the local level, \$74 million more in that one respect alone. Another \$16 million this year will go by way of addition to our public school financing plan - much of it in the form of equalization payments to provide extra help for taxpayers in school divisions which have a lower-than-average assessment base.

Overall, it has been estimated that over half, well over half of the entire provincial budget now goes for direct and indirect assistance to local government and local property taxpayers. This assistance - which is funded through general provincial revenues - has made it possible for local government to rely less on property tax than would otherwise have been necessary to finance their operations. Of course, any further large-scale extension of unconditional revenue transfers to municipalities, by definition would necessarily have to subtract further from provincial revenue sources. In other words, the funds would come from the same taxpayers - the people of Manitoba - but they would be paid through provincial income taxes, provincial sales taxes, and other provincial revenues, rather than through taxes levied by the municipalities.

There a number of problems associated with this particular approach.

As the estimates of revenue and expenditure for 1975-76 will show, sir, the Province could not allocate any substantially greater amount of extra revenues to municipalities on an unconditional basis this year unless we were to raise our own tax rates substantially. Then

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(MR. SCHREYER cont'd) ironically the greatest advocates of more transfer, always more transfer to municipalities, would be the same ones to say that we were having high provincial taxes. So that kind of nonsense, sir, has to be stopped in its tracks, and we have a proposal tonight that I believe will do just that. For example, to raise, say, \$50 million more to have it available for transfer to municipalities would require a personal income tax increase of about 9 percentage points - over 20 percent more than the current 42.5 percent rate - or a sales tax increase of close to 2 percentage points, or, to put it another way, to increase the sales tax in Manitoba two points, from five up to seven, would be a 40 percent increase. And that's how most people would characterize it. Now, we have been able to avoid increasing the sales tax in Manitoba to 7 percentage points, although they did so in Ontario. They have reduced it in Ontario now back to five, but announced that it will go up to seven again next year. Alberta, sir, is the only province in Canada that is quite comparable in oil production with . . . Mr. Speaker, there is another jurisdiction in this world that has no problem in balancing its budget and that's Saudi Arabia. So, Mr. Speaker, . . . It is significant to know, sir--(Interjections)--I often think, Mr. Speaker, that it would be indeed very pleasant to be a Minister of Finance in a jurisdiction such as Alberta or Algeria, or even one of the Emirates. But in any case--(Interjections)--Well, Mr. Speaker, that may be entirely true that it is not a problem in the U.S.S.R. It is, however, somewhat of a problem in the United States, in Ontario, and in Manitoba. I readily admit that. We share more of our problems with Ontario than I would think with either Alberta or any of these other places that my honourable friend mentioned. In any case, sir, an alternative which has been suggested would be for the province to make all these extra funds available to the municipalities over and above the extra funds already made available, by means of the Province cutting its own services to the people of Manitoba. Some have argued that this could be accomplished by eliminating the Property Tax Credit Plan and transferring that entire amount directly to municipal government. Our government has rejected this suggestion because it would mean an end to property tax relief that is based on the ability-to-pay principle. In addition, it would mean that tenants - who pay property taxes indirectly through their rents - would no longer receive direct benefits. But most important, sir, it would mean an end to the countervailing application of property tax relief that is calibrated to income, and that, sir, we are just not prepared to do. Not now, not ever. And it should be remembered as well that because the extra funds for any new large-scale unconditional transfer would be raised by the Provincial Government, the municipalities would be relieved of a significant additional measure of responsibility for their own financial operations. In this connection, it is worth noting, not so ironically, that many municipalities have expressed concern about loss of autonomy through increased provincial grants, while the Province has expressed the view that, so far as is practicable, the jurisdiction which spends certain funds should have the responsibility for raising those funds. Now we don't say this in any dogmatic, ironclad fashion, sir, but we do say that for the most part that should be the case. That should be the reality for the most part, not in a minor way.

However, the Province does not oppose the general concept of a self-regulating or adjusting formula for "growth tax" sharing with municipalities. Indeed, why do we oppose it since it was here in Manitoba in 1973 that that concept was initiated in Canadian federal, provincial, municipal finance?

But, in the light of the considerations I have outlined, our government believes that any "growth tax" sharing concept, in order to provide a satisfactory long-term solution to municipal finance problems, (1) must be gradual in the extent of further changes in the formula; and (2) must be visible in its connection with the level of government that spends the funds.

In line with the principles of fiscal responsibility and accountability, the Province of Manitoba has made it clear in discussions with municipal representatives that, with the concurrence in principle of our government, we would be prepared to consider introducing enabling legislation under which the municipalities would share directly in growth taxes by levying such taxes themselves, under authority transferred from the provincial crown.

Because it is obvious that any new provincial/municipal revenue-sharing plan should apply to all municipalities in Manitoba, our government has decided to extend this offer of growth tax sharing to all municipal governments in a formal way at this time.

Starting in 1976, and until further notice, the Provincial Government will be prepared to consider entering into arrangements with municipal governments under which the Province

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(MR. SCHREYER cont'd) would act as an agent to collect special municipal growth taxes throughout Manitoba, if requested to do so by a major number of municipalities.

Under this system, municipally-set tax rates would be applied on top of existing provincial tax rates, and the entire amount of extra revenue would be returned to the municipalities, obviously with "no strings attached."

This proposed system of growth tax sharing would be unique and it would represent a further major development for municipalities which have argued for greater access in the growth tax field in order to help them reduce the rate of increase in their dependency on property tax. --(Interjection)--Further details . . . I can tell by that observation by the honourable member that he has not yet quite comprehended the method by which this will work. There will not be a fragmentation, sir, of rates of sales tax in this province. That is not how it will work. So my honourable friend will have to be patient for another two minutes while this unfolds.

Further details concerning the administration of the new growth tax sharing arrangement will be included as an appendix to this address.

Our government believes that this growth tax sharing proposal represents the basis for major and fundamental reform of local government financing if the municipalities wish to pursue that route. It will provide Manitoba municipalities with a means of introducing greater equity into their own tax structures, if they really wish to, while at the same time maintaining their autonomy and ensuring their accountability to their taxpayers.

As a start towards this new tax-sharing plan, and unless a majority of municipalities request a larger amount, our government proposes to abate the provincial personal income tax rate by two full percentage points, and the corporation income tax rate by one percentage point, and to transfer these tax points and revenues directly to the municipal governments, to be paid to them on the partially-equalized basis that the per capita formula inherently is.

This new provincial-municipal income tax-sharing plan will be reflected on the 1975 tax returns, to be filed by taxpayers next winter and spring, and the revenues yielded by the municipal tax points would replace the existing unconditional grant formula beginning January 1, 1976.

Under this plan, the effective provincial personal income tax rate will be 40.5 percent of "basic federal tax" and the effective general provincial corporation income tax rate would become 12 percent of taxable corporate income.

On the basis of current estimates, the tax room which we propose to vacate to the municipalities should produce next year about \$16.8 million, or close to \$17.00 per capita for their use in 1976. We will not know the exact amount to the penny of course, until next year, when the revenue will be turned over to them.

If the municipalities wished to raise their income tax rates in 1976 or in future years, or if they wished to levy other taxes, they would, of course, be free to do so under the consensus arrangements I have already referred to.

Giving the municipalities direct access to the growth tax fields in this way would make it possible for them - if they choose - to change their property tax trend projections and to assure themselves of revenues which are likely to grow at a faster rate. But the decision-making, discretionary judgment is with them, the connection is with them, the accountability is with them. They have the flexibility and they will have the accountability, and that is how it should be in the best of all democratic arrangements. We will bear responsibility for those programs which we have to carry out, for which we have to ask for the supplying of ways and means to Her Majesty.

Of course, the province will continue to supplement the municipalities' tax revenues with substantial direct conditional grants and indirect assistance from our own general revenues, just as we have done in the past over many years and increasingly each year, over many years, but this would continue to be of a programmatic nature, Mr. Speaker.

We are prepared to make a firm commitment to municipalities and school divisions that, in future years, the sum total of our direct and indirect assistance to them, and to local ratepayers in that sense will grow at a rate which is commensurate with the average rate of growth of provincial current account expenditures as calculated on a ten-year averaging basis.

We are also prepared to consider sharing equally with local government and school divisions the proceeds of any increased general unconditional income tax abatements from the

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(MR. SCHREYER cont 'd) Federal Government which may take place in the future, provided, of course, that such abatements are not transferred to the provinces to replace revenues under some federal program that is being transferred to provincial shoulders so with that caveat, the general principle applies.

While the measures I have announced tonight will go a long way towards permitting fundamental reform in provincial-local financing in Manitoba, it is quite clear that the pace of this reform will depend, to quite a degree, on the willingness of the Federal Government to provide increased support for our efforts. For this reason, I am hopeful that municipal representatives will work closely with members of our government in the continuing efforts of all provinces in Canada to achieve a more equitable national revenue sharing through our current tri-level consultative machinery in Ottawa.

In addition, our government would welcome representations from individual municipalities, from municipal groups for their advice, or from other interested parties on proposals for improving the property tax or any other possible source of local revenue.

Of course, major change, sir, in the property tax structure cannot be implemented in an overnight way. Our tax credit plan remains the best - and the fairest - mechanism for providing immediate property tax relief. For this reason, our government will be proposing a further increase in benefits under the Manitoba Property Tax Credit Plan for 1975.

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(MR. SCHREYER cont'd)

Our accounts for the fiscal year that just ended 24 days ago have only been closed formally for four days and, for this reason, it is not possible as yet to provide precise information with respect to our year-end position.

However, the "preliminary final" figures which are available indicate that a surplus of \$45 million from the year just closed can be carried forward into the present fiscal year under the authority of the Financial Administration Act, thereby reducing new revenue requirements for the current year.

The surplus in 1974/75 resulted primarily from increases in payments to the provinces under the Federal-Provincial Fiscal Arrangements Act and from the overall buoyancy of the provincial economy last year which did generate more in corporation tax and income tax than was estimated some 15 months ago. As Members may be aware, our revenues under the Fiscal Arrangements Act are estimated for us around the beginning of each year by the Government of Canada who are the collecting agents in this respect. Last year, as in the past few years, indeed, the Federal Government raised certain of its estimates after our budget had been presented to the House and increased our payments accordingly. Revenues in excess of estimates were received from other sources as well, but there were also a number of offsets, including some considerably less revenue than was expected in mining royalties because of a sharp down-turn in the latter part of 1974 in metal prices in the world markets.

If any residual surplus revenues should remain after the accounts for 1974/75 are finalized, they will, as in the past, be set aside as a contingency reserve, in accordance with the Special Municipal and General Emergency Fund Act. This would be for possible use in implementing job-creation programs later this year should counter-cyclical stimulation of the economy be needed.

With respect to Main Expenditures, Mr. Speaker, some weeks ago we tabled in the House our government's Main Estimates of Current Expenditures for the 1975/76 fiscal year.

As I noted at the time, these estimates, which total \$1.009 billion, represent the results of a rigorous and intensive evaluation of priorities and program effectiveness. During our internal estimates review, initial departmental spending requests were cut substantially and relatively few increases beyond the obvious salary and material cost escalations were permitted. Of course, these cost escalation factors also require higher levels of financing for existing health and education programs and for local governments support.

Despite general cost increases, however, careful planning has made it possible to concentrate available resources on such measures as: additional property tax relief through the Tax Credit, through unconditional municipal grants; increased assistance to school divisions under the Foundation Program and to the universities through the Universities Grants Commission. Mr. Speaker, I might say in that connection that the increase in Grants to the Universities Grants Commission is increased by something in the order of \$16 or \$17 million dollars in one year and constitutes an increase which is greater than that of the provincial budget as a whole. That does not mean that there are no problems, but let there be no mistake as to the level of funding, Mr. Speaker. I should also mention, Mr. Speaker, financing has had to be increased for improved health and social development services, including expanded funding for our government's initiatives in the area of nursing home care, medical drug assistance, day care, and the special supplement for the elderly.

Detailed information on the Main Estimates is being provided by the Ministers responsible in Committee of Supply, which has been going on for some few weeks now and will be going on in the weeks ahead.

One additional point should probably be mentioned here. As members are aware, the Main Estimates contained an amount of \$23 million in respect of general salary and cost of living increases. This figure is, of course, subject to change naturally, depending on the outcome of current contract negotiations.

I do not want to comment on the negotiations other than to emphasize my concern about the need for general responsibility in all sectors of the economy, and the desirability, in the case of wage negotiations, of considering more equitable forms of adjustment than a simplistic, uniform percentage settlement applicable to people at different income levels.

At the conclusion of the address tonight, I will table our Government's Estimate of Revenues for the 1975/76 fiscal year.

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(MR. SCHREYER cont'd)

I am happy, yes indeed, happy to announce that, despite increasing expenditures and anticipated declines in some revenues, there will be no increase in the major personal income tax rate or the sales tax rate in Manitoba in 1975. Mr. Speaker, everything is relative. What is good news is not necessarily good news to my honourable friends opposite. But in any case, as I indicated earlier, our government proposes to reduce its general income tax rates so that the municipalities can have direct access to these growth taxes to that extent, as they have apparently requested.

Last year, when it appeared that provincial revenues from oil were likely to increase as a result of higher prices and a new oil royalty system, which we introduced here a year ago, the Provincial Government undertook to pass on all of these added revenues to consumers of gasoline and motive fuel in the province. And at that time, accordingly, since we had some \$6 million dollars or so in extra revenue as a result of a higher royalty on oil because of a price increase on oil that we didn't ask for nor want, we passed all of that money on back to the general motorists in the province, through a 2 cent reduction in the gas tax. --(Interjection) -- Well, Mr. Speaker . . .

MR. SPEAKER: Order please.

MR. SCHREYER: My noisy friend obviously is not aware of the fact that outside of the two oil producing provinces of Alberta and Saskatchewan, that we have the lowest gasoline and motive fuel tax rate in Canada. Newfoundland, New Brunswick, Nova Scotia, Prince Edward Island, Quebec, Ontario, we had a lower motive fuel and gasoline tax than any of those, and I wonder if my honourable friends remember the fact that our gasoline and motive fuel tax in Manitoba has not been increased by this government in six years, that in fact it was 2 cents less per gallon in the past twelve months than ten years ago when they were in office? What was their excuse, because everything was less inflationary then, what were they doing with those funds? What did they need it for? In any case, Mr. Speaker, may I be allowed to indicate the numbers involved. So what we have proposed to do, sir, given the fact that we reduced the gasoline and diesel fuel tax by two cents last year from 17 cents a gallon where it had been for many many years down to 15 cents a gallon, and the same thing, 2 cents reduction from 20 cents a gallon down to 18 cents a gallon on diesel fuel last year.

Since that time, a number of the smaller oil producers in our province have encountered problems due to Federal disallowance of royalties or economic rent as a legitimate deductible expense, as well as they have experienced other cost increases, and some oil producers, who are producing at only a few barrels a day, are facing the prospect of very marginal operations. In these circumstances, our Government has decided that it would be appropriate to make certain adjustments in our oil royalty schedule so as to permit small well operators to retain more of their earnings to meet these problems. These adjustments may result in a reduction in our oil royalty collections of approximately \$2 million this year.

The result of this drop in oil royalties is a reduction in the amount of extra funds available to pass on to gasoline and motive fuel users. This will necessitate a withdrawal of one cent per gallon of last year's reduction for each of these fuels effective May 19th, Mr. Speaker. This amount, --(Interjection)-- Mr. Speaker, we didn't intend to make money on that increase in oil but we don't intend it to cost us any money either. I suppose a government could have taken the extra royalties and taken it into general revenue or we could have taken those extra royalties and put them back by way of a reduction in the gasoline and motive fuel tax. We chose to do the latter. I repeat, we didn't ask for those price increases, but we were not about to let all of that windfall price increase go on in some inaccountable way to somebody else's coffer.

Our course of action is very rational. Now that we are decreasing some of the royalty, the loss in revenue resulting therefrom necessitates withdrawal of one cent, you can't very well withdraw half a cent, of one cent per gallon in the tax. And that is effective May 19th. And I will be very candid, Mr. Speaker, this amount which is about one-third cent per gallon more than our expected revenue loss will go into consolidated revenue of the province. Some of that one-third cent, sir, will be applied to further increases in support for public transit, beyond the increased support for public transit we have already brought into being in recent years. We do not apologize for taking steps to give greater support for public transit, Mr. Speaker, something for which my honourable friends had no sympathy, they were callously

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(MR. SCHREYER cont'd) disregarding, and I think to the disadvantage of the good-husbandry of non-renewable resources in our country for this and future generations.

As has been announced last January by my colleague the Minister responsible for the Public Insurance Corporation, the additional charge of two cents per gallon on gas and motive fuel tax rates will also take effect May 19th. This amount will be transferred to the Manitoba Public Insurance Corporation in proportion to those revenues derived from two cents which are attributable to the highway use of motor vehicles. The amount which is related to off-highway consumption of gasoline and motive fuel, that amount which is admittedly minor, but that amount nevertheless will go, not to Autopac, but to the consolidated revenues of the province.

MR. ENNS: How much next year?

MR. SCHREYER: It is estimated - well, Mr. Speaker, my friend says "how much next year" and I say to him that I invite him now, I invite him now to keep his eyes open, not next year, two months from now, two months from now when the insurance industry of Canada will be increasing their rates in order to recoup a quarter billion dollar loss by the private . . . (clapping - inaudible)

MR. ENNS: How much next year? Eight cents a gallon next year.

MR. SCHREYER: Mr. Speaker, with the way in which the private auto insurance industry is operating in the other provinces of Canada, the way in which the private insurance companies are operating in Canada . . .

MR. SPEAKER: Order please. Order please. ORDER!! Would you kindly settle down. Order! All of you. I wish the members would conduct themselves like legislators. When I ask for Order I think I'm entitled to that courtesy. Let me suggest there are seven more days of this particular debate, everyone will have the opportunity to have his say. Let us at least have the courtesy to hear each other out. The Honourable First Minister has the floor now.

MR. SCHREYER: Mr. Speaker, sir, in order to make it easier for you to maintain decorum in the Chamber, I will desist from any further comment about the private automobile insurance industry in Canada. I would only say that I am looking forward to see what happens in June 1975 when the quarter billion dollar deficit in Canadian private automobile insurance will have to be accounted for somehow, some way. In any case, Mr. Speaker, it is estimated that the funds transferred for the remainder of the current year for purposes that I have just mentioned will be some \$4.7 million and that in a full annualized 12-month period, the amount will be around 6.2 million.

Our government believes that these adjustments represent a fair and logical method of apportioning some of the costs of public automobile insurance among those who are covered by that insurance. Similar adjustments have been made in Saskatchewan and British Columbia, both of which also operate public automobile insurance programs. It is, we feel, a partial substitute for the previous dependency on arbitrary ratings such as "all purpose," "preferred," and so on, in adjusting premiums to take account of frequency of driving and therefore as some measure of accident exposure. Since persons who drive more than an average amount each year have a greater chance, statistically speaking, of being involved in an accident, it seems just as reasonable to have the categorization of "preferred," and "all purpose," as traditionally existed to have that now replaced at least in part by some reliance on motive fuel consumption as a measure of amount of driving for insurance purposes.

As a result of these changes, in any case, Mr. Speaker, the Manitoba gas tax rate, combined with the two cent insurance charge, will be 18 cents a gallon - one cent more than it was for many many years before last year's reduction, and one cent less than the current rate in Ontario. The combined rate on motive fuel or diesel fuel, as we would say, will be 21 cents, also one cent more than it was for many many years before last year's reduction, and four cents less per gallon than the present rate in Ontario.

For persons who use their cars for business purposes, and for commercial motor vehicle operators, such as truckers, the added fuel taxes involved in these adjustments would be income tax deductible, in any case, in the normal way.

In conjunction with the adjustments to the general gasoline tax rate, an amendment will also be proposed, at the appropriate time following the Budget Address, to increase by one cent per gallon the rate of tax on aviation fuel from two cents per gallon to three cents per gallon. This change, which is expected to result in a revenue increase of about \$400,000 or 4/10ths of

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(MR. SCHREYER cont'd) one million, will bring our aviation fuel rate into line with the rates now applied by our neighbouring provinces. The effective date of this adjustment will also be May 19th.

A further change will be made with respect to the use of purple diesel fuel in farm trucks. And I invite my honourable friend from Woodlands, I should say Lakeside, to take note that it will be possible as of May 19th to use tax-free purple fuel in farm trucks which have a two-axle configuration, and which possess a manufacturers' "GBW" (Gross Body Weight) rating of L800 or equivalent of up to 34,000 pounds maximum. --(Interjection)-- This increase in the exemption . . . No, Mr. Speaker, in truth this is intended to clarify that the exemption which we introduced last year, for the first time last year to provide an exemption on farm trucks with respect to tax-free purple fuel which was supposed to be to a maximum of 28,000 pounds, we are now increasing that exemption to 34,000 pounds but, sir, that is clarified and that is the basis upon which it will be administered.

Another measure designed to assist farmers and fishermen as well will be an exemption under which - I should say as an aside to the Honourable Member for Lakeside that there was some confusion or misunderstanding that this tax-free farm truck, tax-free fuel treatment applied to tandems; it never applied to tandems, never, and it was not intended to apply to tandems last year, so it really ought not to be regarded as some impingement on the operations of the licensed franchise operators, truckers in this province.

Another measure designed to assist farmers and fishermen as well, will be an exemption under the Retail Sales Tax Act for returnable containers purchased by farmers and fishermen and by co-operative associations thereof or by similar organizations used for transporting agricultural food products, agricultural products and fish directly from the producer. The effective date of this exemption will be June 1, or Royal Assent, whichever is earlier. --(Interjection)-- Well this applies, Mr. Speaker, to honey containers, to milk cans, it applies to food containers. My honourable friend should have no difficulty in understanding what a returnable container used in food production is. But if they would like, we will send them the detailed regulations.

Less than two weeks ago, my colleague, the Minister of Mines, Resources and Environmental Management, tabled our government's new Mining Royalty legislation in the House. We believe that the new royalty system - by recognizing the need for a reasonable return on investment, and the fluctuations that can occur from time to time in the financial positions of the mining companies, will be fairer to the companies involved, while at the same time, insuring that Manitobans will continue to receive more equitable returns from their mineral resources than was the case before our Government initiated its reform of mineral taxation in the first place.

Of course, the general situation with respect to resource taxation in Canada still remains somewhat uncertain in view of the continuing disagreement over general resource revenue sharing issues, the pricing of oil and natural gas, disagreement on that, and on the Federal Government's decision to disallow the deductibility as an expense of provincial royalties in calculating mining and oil company income tax liabilities.

In his November 18, 1974 budget, the Federal Minister, Mr. Turner said and I quote: "We have chosen to disallow the deduction of all these levies to make room for the provinces by giving additional tax abatement points to the province. In this way, provincial taxes and charges and the federal taxes will each be discreet and visible decisions which each can make in light of what they know the other is doing, giving full recognition to the needs of the industries."

Our government, as indeed all or almost all provincial governments in Canada, were strongly opposed to this federal non-deductibility move. There are we admit, many aspects of tax allowable deductions which ought not to be deductible but the charge of economic rent or royalty is not one of them, and that has been the basis upon which the disagreement has been so strongly expressed. And in any case the fact remains the legislation is formally in effect, as of last month, when it finally passed through parliament, in the month of March. As the Federal Minister noted in his November budget that legislation provides for an additional corporation income tax abatement to the provinces in respect to the production profits of mining and oil companies. Our government will therefore propose an amendment to reflect this abatement in our province's corporation income tax legislation effective January 1, 1975.

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(MR. SCHREYER cont'd)

Effective on the same date, we propose to implement a system for compensating or remitting to oil and mining companies the additional provincial income tax that they will be required to pay as a result of the disallowance of provincial royalties as deductible expenses by the Government of Canada. If it becomes a little confused, Mr. Speaker, it really isn't.

For a mining company, the compensation formula will be applied by quantifying for compensation or remission purposes those extra funds that are collected, that are generated by the additional provincial income tax payable as a result of non-deductibility, even non-deductible as against the provincial points themselves, up to a limit determined in relation to the total provincial tax payable by that company under the 15 additional abatement points. With respect to oil production, since many producers are individuals rather than corporations, and since the provincial oil royalties and taxes do not take costs directly into account as our new refined mining royalties schedule does, a somewhat different compensation formula is required. Accordingly, for an oil producer, while the compensation formula will also be applied in respect of the entire amount of additional provincial income tax payable as a result of non-deductibility, the limit of compensation or remission will be the amount of the extra yield on the entire 25 points that is due to non-deductibility.

Steps are now under way to establish a system for administering this compensation system in co-operation with the federal Department of National Revenue. Legislation to authorize remissions to mining and oil companies under these compensation and remission arrangements will be introduced in the near future.

A number of resource extraction companies in Manitoba have not paid income tax for quite some number of years as a result of historic tax provisions in our national income tax laws that allow for exploration and depletion deductions that are actually greater than the actual costs incurred. If such companies still do not have any income tax to pay as a result of the federal non-deductibility provisions, then, of course, there is no need, nor should there be any compensation or remission to such companies. But for companies, mining companies or oil companies that do pay income tax then these federal measures will have an impact, and our Manitoba compensation plan should help to offset the unintended impact of extra provincial income taxes which result and which we didn't ask for.

On the assumption that the revenues foregone through our compensation plan will, in most cases, be more or less equal in aggregate to the revenues that we collect under this somewhat complex arrangement, we are not making any special allowance in our revenue estimates for 1975/76. The net impact of this compensation system on most resource operators will allow for the complete deductibility of royalties and other provincial resource taxes from taxable income for purposes of provincial corporate income tax calculation purposes.

It should be noted here that if the Federal Government were, in the future - and I am not trying to start any rumours, Mr. Speaker, but if it should happen and I believe there is some possibility that it will happen to some extent, that the Federal Government may allow some deductibility of resource royalties up to a certain level - then obviously we and any other province would have to review our plan and make commensurate or subsequential alterations. The same would be true, of course, in all those other provinces where compensation plans have been introduced in the past 12 months.

Our government will also propose some further changes with respect to the taxation of oil companies this year. As I referred quickly some time back, a reduced but graduated or progressive royalty schedule will be introduced, very soon now, after this budget, with respect to oil companies so as to bring about lower mill rates applicable to small wells with low daily output of oil. I see the Member for Virden is not here but I'm sure he will be interested. We believe, sir, that a somewhat lower rate schedule at levels of output of 20 barrels per day or less is desirable and justifiable, and in large part necessitated for reasons I have already gone into with respect to double impact of taxation because of federal non-deductibility, etc., etc.

For a number of years, questions have been raised as to the adequacy of certain of the exemptions permitted under our province's succession duty legislation. At the time that this legislation was introduced in 1972, our government believed that the \$150,000 exemption for "preferred beneficiaries" or children, and the supplementary exemption of \$50,000 extra for a total of \$200,000 for surviving spouses, in respect of property passing to them, was

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(MR. SCHREYER cont'd) sufficient to ensure that only persons in receipt of relatively large bequests or estates would be subject to tax. Of course, it is to be repeated that this taxation starts only at the point where all debts and mortgages are cleared off first and the tax applies only to the next clear value of property that passes in estate or on succession.

Still, since the 1972 legislation, inflation has affected the value of many assets. To take these changes into account, we propose, effective at midnight tonight, to raise the exemption for preferred beneficiaries to \$200,000. This change means that the property passing to a spouse will be exempt up to \$250,000. And I know, Mr. Speaker, that there will be those who say that that is not enough, but I say, sir, indeed I believe every single one of my colleagues believes, that a quarter of a million dollars of assets passing untaxed before the first penny of tax starts on the 300,000 and 350,000 is indeed providing, in my opinion, more than enough to those who come behind. It is estimated that this measure will reduce succession duty revenues by approximately \$800,000 over the full year.

Overall, it is estimated that provincial revenues for 1975/76 fiscal year, which I will table immediately at the end of this address this evening, will be \$1,020,996,000. As I pointed out earlier, this total includes an amount of \$45 million in respect of surplus funds being carried forward from last year into this upcoming fiscal year.

At the conclusion tonight, I will also table Supplementary Estimates of spending for the 1975/76 fiscal year. Most of these expenditures, sir, are in the nature of transfer payments to individuals or municipalities or to the relieving of program costs to municipalities.

The estimates include an amount of \$292,000 for the Department that is charged with the responsibility of the Wild Fur Program for purposes of carrying out a new cost-sharing agreement with the Government of Canada signed only a matter of several days ago.

The Supplementary Estimates also include an amount of \$490,000 for the Department of Health and Social Development to cover increased payments to the City of Winnipeg in respect of the province's share of its health unit or health department costs. This amount is intended to place the province's contribution to the City of Winnipeg's health programming on a basis which is directly comparable to that of any other municipal health unit operation in Manitoba. As of this year, the province will no longer require the old one-third cost sharing by most municipalities in the cost of public health unit operations. This may not be a large item, sir, but it should be noted in passing that historically for years, some municipalities were expected to shoulder one-third of the cost of health units and many municipalities would not take that on their shoulders, and this unsatisfactory state of affairs went on year after year. So in order to get rid of that unfairness, if you like, the province is accordingly assuming the cost of all public health unit operations throughout rural Manitoba as well as most of the city.

The province will also be proceeding with plans to eliminate payments by municipalities to the provincial life-saving and diabetic medicines program and will no longer require owner's equity and municipal payments with respect to future hospital construction and personal care homes.

Mr. Speaker, after consideration of the public library situation and needs in our province and following a review of our financial support to libraries which I say somewhat in a blushing or embarrassed way, has remained substantially unchanged for the past 20 years, our Government has decided to increase the grant program to help meet increasing costs of improved library services for more Manitobans. The new assistance will be provided under a formula which will make available \$2.00 per capita for annual operating costs for libraries serving 10,000 or more people, up to 50% of the costs of operating those libraries. The 10,000 population figure can be for a municipality or Local Government District with that number of residents, or a group of municipalities, whose total population exceeds or reaches this number. Regulations and detail for this formula are now being developed by the Department of Tourism and Cultural Affairs, which is responsible for this service.

For those municipalities or Local Government Districts engaged already in library services under the old formula, the option is open to them to remain on the old formula if their local circumstance and population shows them that it is of advantage to stay with the old formula as an option.

An amount of \$1 million has been included in the Supplementary Estimates to cover one-half of the annual cost of this plan, which will take effect on July 1, and with respect to the Parkland Regional Library Service, arrangements have been made to continue that service

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(MR. SCHREYER cont'd) until the end of this calendar year, following which the Parkland region will come under the same formula as any other region of Manitoba.

The Supplementary Estimates also provide for an amount of \$330,000 for the Department of Education to cover special grants to northern school divisions related to the distance factor costs of food and lodging for teachers in the North. The extra grants will be set at \$400 per authorized teacher for school divisions and districts between the 53rd and 56th parallels, and at \$900 per authorized teacher for school divisions north of latitude 56°. This additional assistance will help offset a portion of the school tax increases in these divisions in 1975.

New income tax revenue information for 1974/75 which has become available to us in recent months, indicates that an adjustment payment can be made to municipalities in respect of the unconditional grant formula for this calendar year, so provision has been made in the Supplementary Estimates for an amount of \$1 million to cover this adjustment or interim progress payment.

The \$1 million adjustment will update the 1975 grants under the present formula in anticipation of the proposed transfer of personal and corporation income tax points to the municipalities next year.

As a result of all this, unconditional grants to municipalities this year will be approximately \$13.66 per capita, and with this adjustment it is possible to say that grants to municipalities will be 30 percent higher than last year. This should enable all municipalities in the province to reduce, by commensurate degree, their property tax requirements for this year.

Earlier tonight --(Interjection)-- Yes, the Minister . . .

MR. CHAIRMAN: Order please. Order please. Again I appeal to the honourable members . . .

MR. SCHREYER: Mr. Speaker, we have good historians on this side of the House and I am advised that the per capita unconditional grants paid by the province to help municipalities stood at a grand total of \$3.00 per capita for the decade of the 1960's. In 1969, as it were, as a kind of death bed repentance, they increased it to eight and they never passed it through this Legislature.

Mr. Speaker, earlier tonight I indicated that our government plans to increase benefits under our property tax credit plan for 1975. I am pleased to announce that maximum property tax credit benefits for the current year will now be raised to \$300. The new general minimum benefit will be raised to \$175.

What this means, sir, is that for an average home assessed at \$6,000, and indeed the average home in the municipality of Winnipeg is around \$6,600, so say for round and easier figuring, for an average home assessed at \$6,000 or \$7,000, the \$300 maximum property tax credit will be equivalent to a property tax reduction of 45 to 50 mills.

The \$175 general minimum credit will be reflected on the municipal property tax bills of eligible resident homeowners this summer. Homeowners of average or lower income are entitled to further benefits up to the new \$300 maximum and will receive this through the income tax return in the spring of 1976. The same will apply, naturally, insofar as tenants are concerned.

Renters who are eligible for property tax credits for 1975 will, as in past years, be able to claim the entire amount of their entitlement up to the new \$300 maximum by filing income tax returns in the spring of 1976 as well.

These increased benefits will bring the total annual cost . . . Mr. Speaker, I must interrupt in mid-sentence because I hear the Member for Fort Garry say that we are doing this because of some elections. But you see, Mr. Speaker, history proves that my honourable friends waited eight years at \$3.00 per capita, and then two months before the election of 1969 they brought in legislation to change it all at once. And they never passed it. They never got to pass it, sir.

These increased benefits will bring the total annual cost of our Property Tax Credit Plan - and I think it's worth pausing to reflect - the total benefits of the Property Tax Credit Plan calibrated to income, and that's really the most important point, but the second most important point is that it will aggregate \$75.5 million in municipal tax relief, an increase of \$13 million over last year alone. An extra \$4.5 million will be required through the Supplementary Estimates which we are tabling this evening to cover the resident homeowner advance under the program for this year, and the balance will not be required until our next year financial accounts.

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(MR. SCHREYER cont'd)

As I said earlier, our government believes that the Property Tax Credit Plan is the most effective system open to us under the National Tax Collection Agreement for providing municipal and school property tax relief directly to homeowners, renters and farmers. Perhaps I should apologize for repeating that, sir, but that is really its cardinal virtue. It is so important that repetition should not be apologized for. The old Jesuit saying goes that "repetition is the mother of learning" and that is certainly true so far as my honourable friends opposite are concerned.

Even more important, it is the most equitable system for providing this relief. It guarantees that those families who have relatively lower incomes, including pensioners on fixed incomes and the "working poor," will get the larger benefits. It also guarantees substantial tax relief to all other eligible property taxpayers and renters as well, with maximum benefits up to \$50 more than last year.

Well, sir, last year our government introduced a second tax credit, or tax reduction program - it's referred to as the Cost of Living Tax Credit Plan. It really is intended to relate to changes in living costs and what happens in the sales tax collection is the result of inflation. Unlike the Property Tax Credit system, which relates benefits to property tax and taxable income, the Cost of Living Tax Credit Plan provides for benefits which are determined by family size and taxable income.

Of course, the Cost of Living Tax Credit Plan is designed to provide tax relief as well, including specifically sales tax relief. The formula takes family size into account because that plays a large part in determining how much sales tax is paid during the course of the year. It is worth pointing out that this tax credit in its very design should now help to minimize complaints, which I know this government has received and the past government I know received, which have existed since the introduction of the sales tax in 1966 or '67, that the sales tax exemption for children's clothing was just unfair because it didn't take into account different children's size. Well, we believe that with the Cost of Living Tax Credit, the more children, the higher the tax credit, which is as it should be, because there's more clothing and articles purchased of essential kind for the family, that this goes a long way to offset and minimize the root source or cause of that complaint.

For 1975, our government proposes to increase total benefits available under this Cost of Living Tax Credit Plan by almost 65%, from \$14 million to \$23 million. Under last year's plan, the formula for calculating Cost of Living Tax Credit was 2%, the formula was two percent of personal exemptions minus one percent of taxable income. This year, the formula will be, for each calibration as we require under the federal-provincial Income Tax Collection Agreement, 3% of personal exemptions minus one percent of taxable income.

As a result of this change in formula, the maximum Cost of Living Tax Credit available to a family of four will be about \$127. For a married couple under age 65, it will be approximately \$106. For a pensioner it will be about \$141. And all of this we believe is in accordance with what is needed to take account of some of the impact of inflation.

These increased benefits will bring the government's total annual commitment to the Cost of Living Tax Credit Plan up to \$23 million and will extend the credits or benefits to higher up in the income range. In future years, as personal exemptions are indexed to grow at the same rate as the Consumer Price Index, so then automatically the Cost of Living Tax Credits will grow with that and be of benefit in offsetting the impact of inflation at middle and lower income brackets.

To ensure that the new Cost of Living Tax Credit has maximum impact in terms of immediate tax savings and thus help to provide some stimuli to the economy this summer and fall, we anticipate making arrangements with the Government of Canada - there have been discussions already - so that the 1975 Tax Credit can be taken into account in the payroll deduction system starting this summer. If these arrangements are agreed to, then many wage and salary earners will start to get higher take-home pay as a result of the new system by July or August.

So, Mr. Speaker, to summarize in this respect, our province's two tax credit plans will provide something very close to \$100 million in direct tax relief to Manitoba citizens for 1975.

Just to give some exemplification, Mr. Speaker, when the maximum benefits under the two plans are added together, a family of four can now be eligible for up to \$427 in tax credit;

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(MR. SCHREYER cont'd) a married couple can receive up to \$406; a single person under 65 up to \$356; and a single pensioner up to \$441.

Mr. Speaker, what is . . . Well now, Mr. Speaker, we hear the words "Welfare. Welfare." I know what my honourable friend opposite would do. He would certainly abolish this welfare, as he calls it, all \$441, and he would take that \$98 million that he would there-fore save, and he would bestow that on those who are in the 10, 15, 30, 40, 50, 60 thousand dollars per year range. And I say to him that if that is the basis upon which he wants to take us on, then I say to him he's on. You're on. Not to mention the social and economic justifi-cation that lies behind it, but if he wants to ignore that too and take us on, I say to him he's on. We'll take you on. And I think that perhaps is one of the problems of my honourable friend, that none of us on this side had enough time to take him on adequately in 1973, but I think that perhaps that should be done. --(Interjections)-- Well, Mr. Speaker, one can't do very much in two and a half hours. I wish that there had been more time. Mr. Speaker, I say that to my honourable friend.

. continued on next page

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(MR. SCHREYER cont'd)

In total the Supplementary Estimates for 1975-76 come to \$18 million, and of this amount \$2.8 million will go to municipalities and school divisions, and \$15 million toward direct tax reduction to individuals.

Mr. Speaker, it should be remembered that over 20 percent of our total current expenditure will continue to go directly toward provincial and municipal tax relief measures in 1975-76.

It is now estimated, as I indicated, that our revenues for the year coming up will be \$1,020,996,000. With main and supplementary estimates at \$1,027,269,800, we are budgeting therefore for a deficit on current accounts of \$6.4 million for 1975-76.

This deficit, which represents about one half of one percent of our budgetary revenue, could have been eliminated through a small tax measure of one kind or another. That much is obvious. However, our government preferred not to propose doing so. We believe that a current account deficit represents an appropriate fiscal policy response to the present economic situation, which is admittedly in a fast-swinging circumstance. A year ago, the last thing our economy needed was stimulus. In 1975, still it does not seem that there is need for stimulus beyond that which is already under way, but we cannot be completely sure and so we are keeping on the alert in the event that a rapid response capability is necessary it will be there. And in any case, in addition to this deficit on current accounts, the estimates of Capital Supply requirements, which will be tabled here very soon, will also have to be regarded in the light of counter-cyclical policy as well.

At the conclusion of my address tonight, I will be tabling estimates of capital requirements for the 1975-76 fiscal year, totalling \$544 million. Our capital estimates for 1975-76 are clearly substantial. They are approximately \$155 million less than the authority granted last year.

As usual, the largest capital requirements are for self-sustaining programming including new developments being undertaken by our utilities. Manitoba Hydro will require about \$335.8 million for 1975-76 in order to continue its efforts to expand the supply of renewable energy at comparatively low prices. The Manitoba Telephone System will require capital authority of about \$40.6 million, and the Manitoba Housing and Renewal Corporation about \$46 million.

Approximately \$62 million will be requested for direct government programs including \$40.3 million for general purposes and \$14 million for developments in agriculture and other areas under agreement with the federal Department of Regional Economic Expansion. And of this amount, for my honourable friend's information, I believe they will be interested in knowing this allocation, of this amount about \$350 million of the total capital requirements will be obtained through public financial markets and the remainder off market such as through the Canada Pension Plan and other off-market sources.

So Mr. Speaker, sir, when I began my budget statement, I suggested that growing national economic pressures in 1975 may well present our province with the most serious challenge it has faced in the years since our government took office. I also indicated that we were determined to meet that challenge directly, to the limits of the resources available to us. The budgetary plans I have outlined tonight clearly reflect this determination.

Through careful planning and deliberate restraint, we have been able to keep down the overall growth in our budget, and I know those that make the superficial analysis will say, "oh my, it's a billion dollars," but I would invite them to look at this in the perspective of history and in the perspective of the component parts of Canadian confederation, in other words, all the other provinces.

Mr. Speaker, insofar as the debt on our future is concerned, which my honourable friend just referred to, he would be interested to know that the public debt as a percentage, the direct provincial debt as a percentage of gross provincial product or wealth, as a percentage of the provincial budget, whichever of the two measurements he wants to use, that the proportion of percentage is as low today as it was ten years ago. So what is my honourable friend complaining about. I have to admit, sir, that the direct provincial debt is much much higher than it was in 1899, or even in 1961, but on the other hand, so is the output of goods and services in this province much much higher today than in those years. But in any case, we believe, we are confident that the impact of this budget on our economy will be positive and pervasive.

MR. SHERMAN: What about the Hydro debt?

MR. SCHREYER: My honourable friend asked me "what about the hydro debt." I would

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(MR. SCHREYER cont'd) . . . certainly be very tempted to reply right now, at the expense of taking another five minutes . . . because Mr. Speaker, the fact of the matter is, that Manitoba has succeeded in persuading an optimum pace of construction and development of a renewable energy resource. There are those who may question whether or not it was advisable to proceed with the development of the Nelson River but that was a decision which was taken some time ago and which I have never poor-mouthed or second-guessed. I believe that it is the best of prudent public policy to continue the development of renewable hydro-electric energy despite all of those who would like to throw sand into the gears.

Be that as it may, Mr. Speaker, there are those who would like to follow some easier course, something that would not tie up capital funds and if we had followed that course, and we had lots of advice back in 1969 or 70 to forget about hydro development and put in oil burning steam turbines. Wouldn't we have been a bunch of fools if we had followed that advice.

Mr. Speaker, there is something more important than just price or hydro debt here. And that is that for some reason, which I frankly admit I don't yet quite understand, there are some who occupy positions of responsibility in our parliaments and legislatures in Canada who seem to be unaware of the fact that in one generation, that this generation is the one generation that has succeeded in consuming about a third of the world's depleting non-renewable oil reserves, and if one generation can burn up one-third of those scientifically estimated reserves, how many generations need there be in order to burn it all up? In which case this world has become so over-dependent on oil that it might as well be called the black blood of our industry. And in other words, it has become something to which our whole way of life and industry has become over-dependent to the point of addiction. And yet there are those who occupy positions of responsibility who are not, who are not somehow shaken who maintain a face of equanimity in the fact that one generation of humanity has burned up forever and a day one-third of the world's never to be replaced, stock of liquid hydrocarbons. Now in the face of that, can any rational man question the advisability and efficacy of proceeding just as quickly as we can with optimum construction schedules towards harnessing of precious renewable energy so that the even more precious non-renewable fossil fuels need not be burned up with callous disregard to the generations that come only 20, 30, 40 years from now, not to mention beyond that.

So I say in conclusion Mr. Speaker, that the year ahead will be difficult for every province in Canada, we believe our budget will ensure --(Interjection)-- well my honourable friends are you know, indeed nit-pickers. I remember some ten years ago, I remember some years ago sitting on that side with the Honourable Member for Portage la Prairie, sitting close to each other, yes, over there, and having someone on this side, it was a Conservative at that time saying that he'd sooner be a story telling Tory than a nit-picking Grit. And this of course incensed my honourable friend the Member for Portage a great deal, and I felt rather sorry for him. Because I don't believe that the Grits are nit-picking; I believe that the nit-pickers are those who in the face of the kind of impending crisis we face with fossil fuels and liquid hydrocarbons want to nit-pick about whether Jenpeg should have come ahead of South Indian Lake or vice-versa. Mr. Speaker, and the nit that they are picking for is so small that they will never pick that nit.

So I say, sir, in conclusion that the year ahead will be difficult no doubt for every province in Canada. We believe that our budget represents a reasonable effort to respond and to be ready, an effort to be ready with an optional response capability depending on how the economy swings in western Canada and on the prairies later this year. Result of our efforts, there will be more redistribution of purchasing power, more just redistribution still of our wealth in a way which I have already referred to, my colleagues have referred to on many occasions in the past. All of this will guarantee a more equal distribution of the benefits of our economic wealth in the future and even further progress toward real social and economic equality.

I once heard someone say that what we would wish for ourselves we desire for all Manitobans, in every part of our province. Those, Mr. Speaker, are in essence the words of the late J. S. Woodsworth, Manitoban, Winnipegger, Parliamentarian, Idealist, Humanitarian, all of these things, but also a man who gave us more understanding as to what civilization should ultimately strive to be, if it was worthy of the name civilization. You know, sir, mundane tax measures that redistribute wealth are about one tangible means of keeping that faith with those who taught us but who were ahead of their time. And probably scorned a little because they were ahead of their time.

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(MR. SCHREYER cont'd)

These tax redistribution measures, the tax credits, a hundred million dollars worth, to take more account of the desire for more equality in the human condition are also a means of keeping faith with the present generation, in that there are practical ways of working toward a better world, a better world not because necessarily it is richer, that's not the test of betterment, but because we slowly develop more decent attitudes in material economic terms to keep pace with the lip service that we talk about in terms of spiritual equality, resulting ultimately we hope in the elimination - not overnight, but every year a little more, relentlessly but steadily towards elimination of gross and therefore offensive inequality amongst ourselves. Thank you, Sir.

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 his Honour the Lieutenant-Governor.

MR. SPEAKER: The Lieutenant-Governor transmits to the Legislative Assembly of Manitoba Estimates of Sums required for the service of the Province for capital expenditures for the fiscal year ending March 31, 1976, and recommends these estimates to the Legislative Assembly.

The Lieutenant-Governor transmits to the Legislative Assembly of Manitoba estimates of further sums required for the services of the province for the fiscal year ending March 31, 1976, and recommends these estimates to the Legislative Assembly.

The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I move, seconded by the Honourable the House Leader, that the said messages together with the estimates accompanying the same be referred to Committee of Supply.

MOTION presented and carried.

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: Mr. Speaker, I move, seconded by the Honourable Attorney-General, that the House do now adjourn.

MOTION presented and carried and the House accordingly adjourned until 10:00 a. m. tomorrow morning (Friday).

SUPPLEMENTARY BUDGET MATERIAL

APPENDIX A - ECONOMIC STATISTICS

APPENDIX B - FINANCIAL STATISTICS

APPENDIX C - PERSONAL TAXATION AND CREDITS

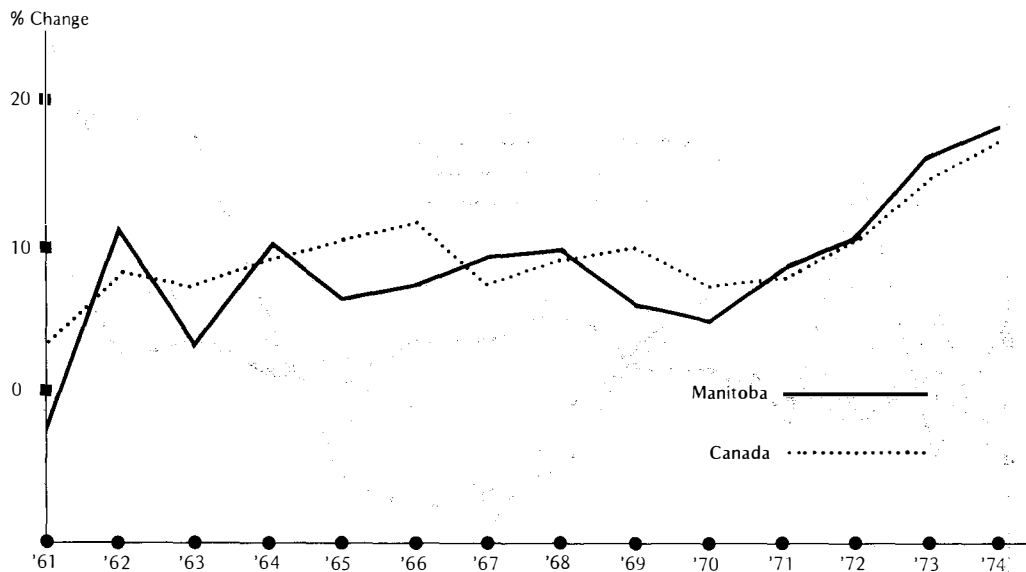
APPENDIX D - ADMINISTRATIVE GUIDELINES FOR PROPOSED PROVINCIAL -
MUNICIPAL "GROWTH TAX" SHARING ARRANGEMENTS

APPENDIX E - RECENT DEVELOPMENTS IN FEDERAL-PROVINCIAL
FINANCIAL RELATIONS

APPENDIX F - RECENT MINISTERIAL STATEMENTS ON FISCAL
AND ECONOMIC MATTERS

APPENDIX A — ECONOMIC STATISTICS

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



(Millions of Dollars)

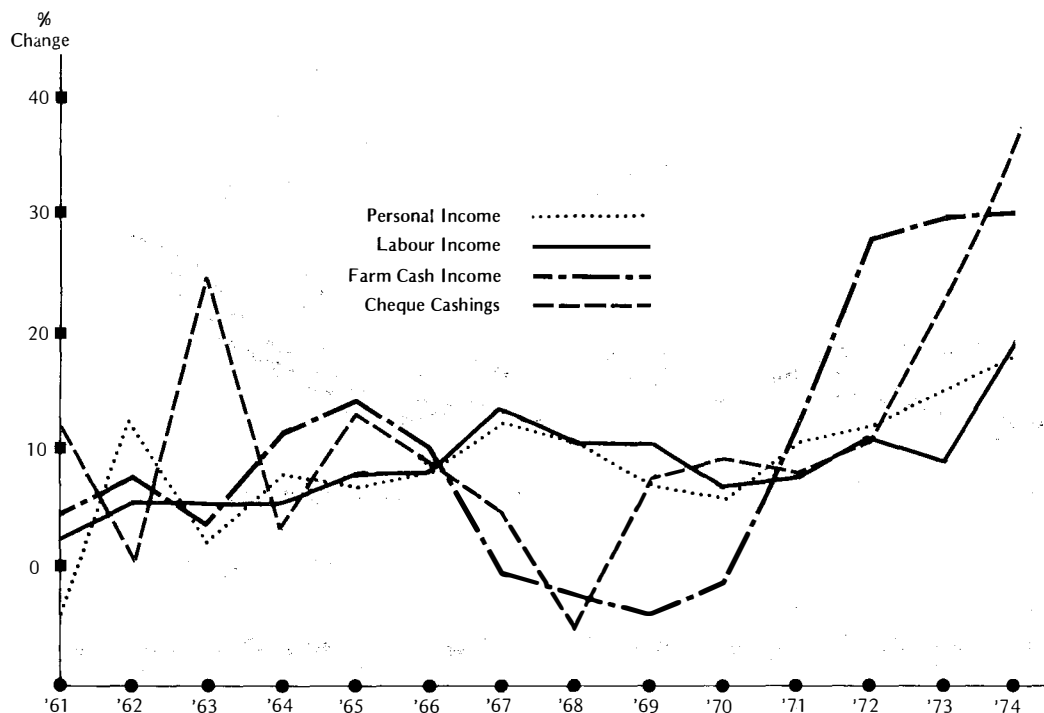
Year	Manitoba's Estimated Gross Provincial Product	Percent Change Relative to the Previous Year	Gross National Product	Percent Change Relative to the Previous Year
1961	1,891	—	39,646	—
1962	2,109	11.5	42,927	8.3
1963	2,174	3.1	45,978	7.1
1964	2,394	10.1	50,280	9.4
1965	2,550	6.5	55,364	10.1
1966	2,735	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	3,492	6.2	79,815	10.0
1970	3,674	5.2	85,685	7.4
1971	3,999	8.8	93,307	8.9
1972	4,430	10.8	103,493	10.9
1973*	5,140	16.2	118,902	14.9
1974*	6,078	18.2	139,493	17.3

*Estimated

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

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

Source: Department of Finance/Statistics Canada.

SELECTED ECONOMIC INDICATORS FOR MANITOBA¹

(Millions of Dollars)

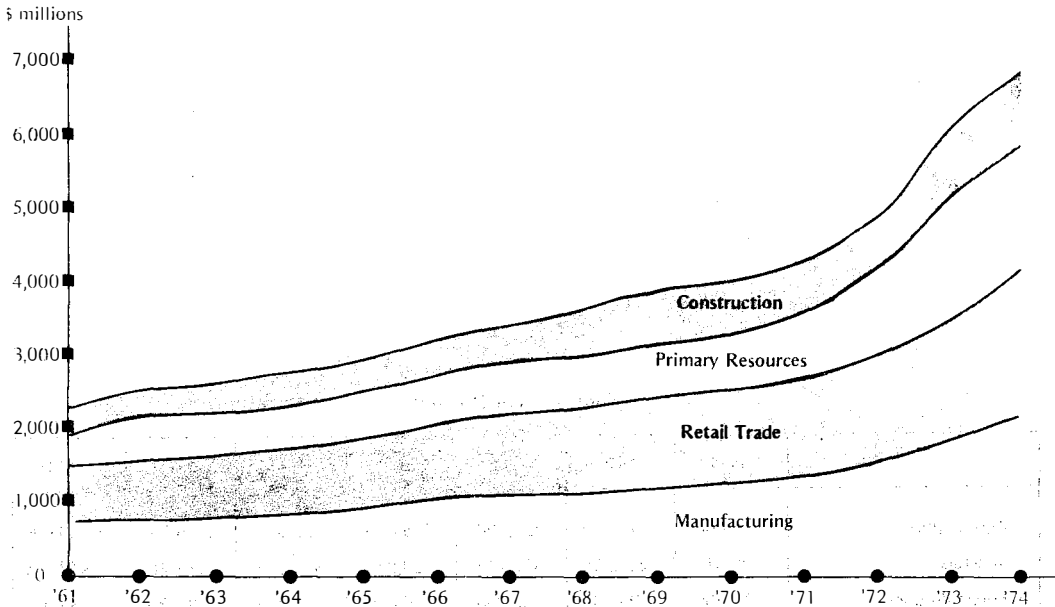
Year	PERSONAL INCOME		LABOUR INCOME ²		FARM CASH INCOME		CHEQUE CASHINGS	
	Value	Percent Change	Value	Percent Change	Value	Percent Change	Value	Percent Change
1961	1,436	--	905	--	243	--	21,131	--
1962	1,611	12.2	955	5.5	262	7.8	21,191	0.3
1963	1,647	2.2	1,003	5.0	270	3.1	26,496	25.0
1964	1,775	7.8	1,058	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	2,704	7.2	1,720	10.5	350	-4.1	36,436	6.6
1970	2,857	5.7	1,832	6.5	341	-2.6	39,897	9.5
1971	3,156	10.5	1,970	7.5	378	10.9	43,166	8.2
1972	3,529	11.8	2,190	11.2	484	28.0	47,800	10.7
1973	4,063	15.1	2,396	9.4	629	30.0	59,162	23.8
1974	4,791*	17.9	2,848	18.9	820	30.4	81,184	37.2

*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/Statistics Canada.

INDUSTRIAL ACTIVITY – SELECTED SECTORS
(Millions of Dollars)



Year	PRIMARY RESOURCES		CONSTRUCTION		MANUFACTURING		RETAIL TRADE	
	Value	Percent Change	Value	Percent Change	Value	Percent Change	Value	Percent Change
1961	401		369		717		767	
1962	615	53.4	361	-2.2	753	5.0	801	4.4
1963	581	-5.5	403	11.6	794	5.4	828	3.4
1964	636	9.5	421	4.5	861	8.4	873	5.1
1965	682	7.2	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	698	2.2	662	18.6	1,119	3.6	1,118	4.2
1969	759	8.7	754	13.9	1,230	9.9	1,188	6.3
1970	820	8.0	695	-7.8	1,257	2.2	1,227	3.3
1971	908	10.7	671	3.5	1,346	7.1	1,318	7.4
1972	1,045	15.1	754	12.4	1,492	10.8	1,470	11.5
1973	1,731	66.0	889	17.9	1,819	21.9	1,674	13.9
1974	1,690	-2.4	985*	10.8	2,249	23.3	1,936	15.7

*Estimated

¹Data for this 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/Statistics Canada.

VALUE OF MANITOBA'S PRIMARY RESOURCE PRODUCTION

(Thousands of Dollars)

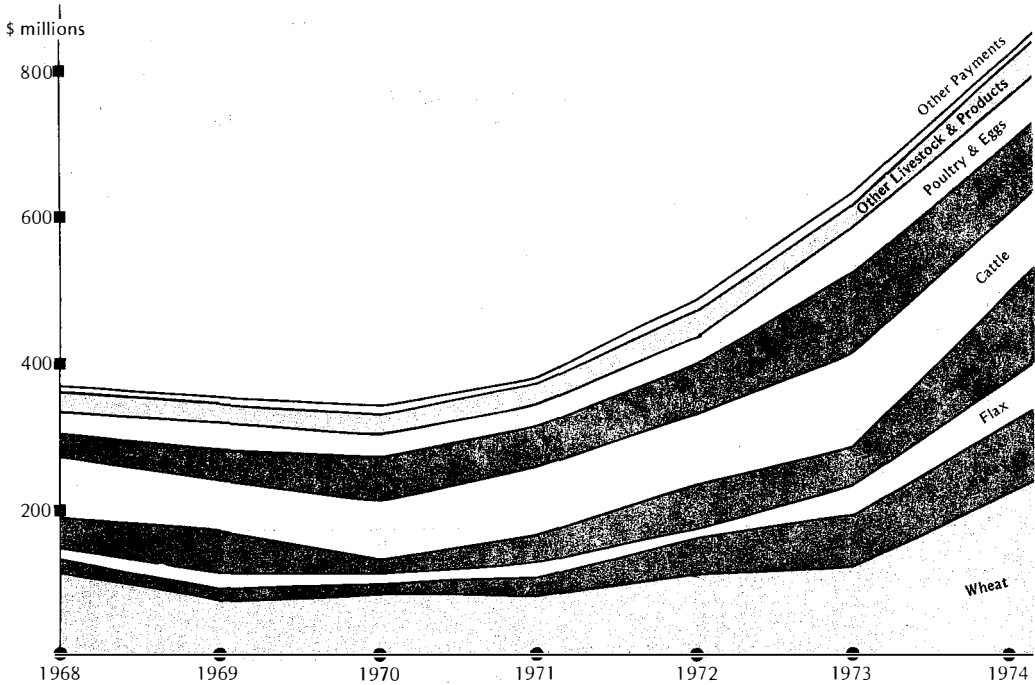
	1968	1969	1970	1971	1972	1973*	1974*
Agriculture ¹	458,000	474,000	457,000	545,000	693,000 ^r	1,266,000 ^r	1,200,000
Minerals	209,617	245,596	332,146	329,913	311,154	419,214 ^r	443,566
Forest Products	19,500	25,300	22,200	26,000	31,000	34,000	35,000
Fur ²	5,262	5,911	4,821	3,164	2,647	3,650	2,535
Fisheries ³	5,497	8,286	3,360	3,829	7,415	8,366 ^r	8,450
Total Value of Output	697,876	759,093	819,527	907,906	1,045,216	1,731,230	1,689,551

^rRevised

*Estimated

¹Excludes fur farm production and agricultural forest production reported in "Furs" and "Forest Products". Series revised.²Ranch and wild furs.³Based on the fiscal year.

SOURCES OF FARM CASH RECEIPTS
MANITOBA 1968-74

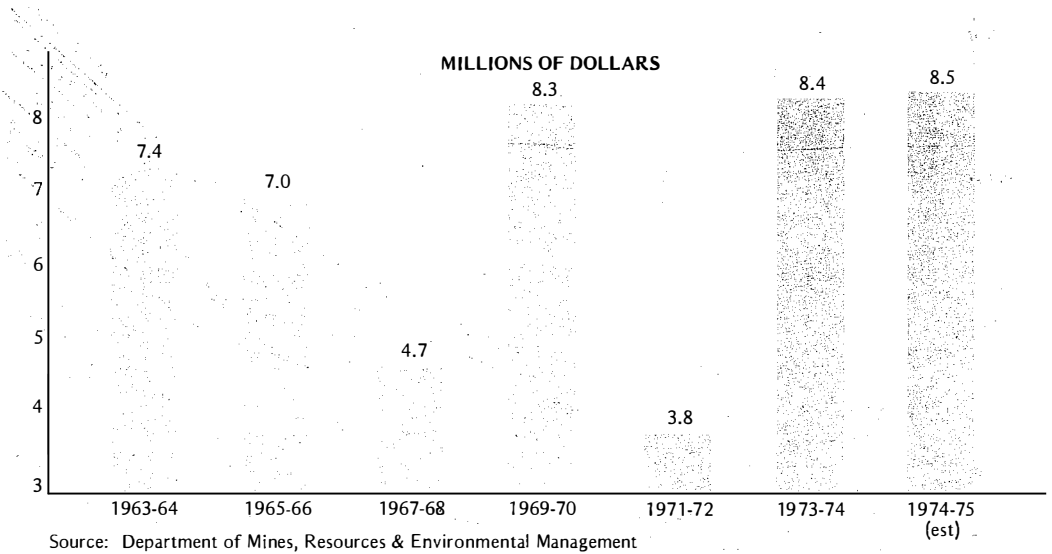


(Millions of Dollars)

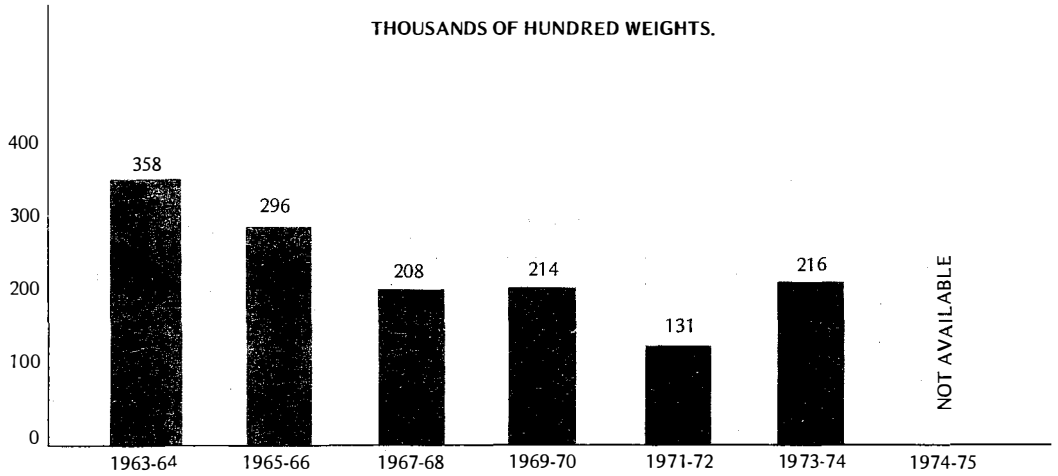
	Total	Wheat	Barley	Flax-seed	Other Crops	Cattle & Calves	Hogs	Poultry & Eggs	Other Livestock & Products	Other Payments
1968	364.8	109.5	17.1	15.2	45.3	77.8	35.5	29.4	28.7	6.3
1969	350.4	72.1	13.3	25.7	57.0	69.6	43.4	34.4	29.3	5.6
1970	340.4	72.3	21.5	17.6	16.4	81.7	57.6	34.3	29.1	9.9
1971	378.4	77.1	32.0	14.7	40.0	92.7	54.5	28.9	29.2	9.3
1972	484.4	113.1	45.3	13.1	59.2	99.7	69.0	33.9	35.0	16.1
1973	629.3	121.3	69.8	39.2	44.4	138.6	108.2	53.7	39.2	14.9
1974	820.0	223.2	96.7	61.3	118.8	109.2	92.5	56.7	51.6	10.2

Source: Statistics Canada.

MARKETED VALUE OF FISHERIES PRODUCTS IN MANITOBA 1963-74



VOLUME OF FISHERIES PRODUCTS IN MANITOBA 1963-74



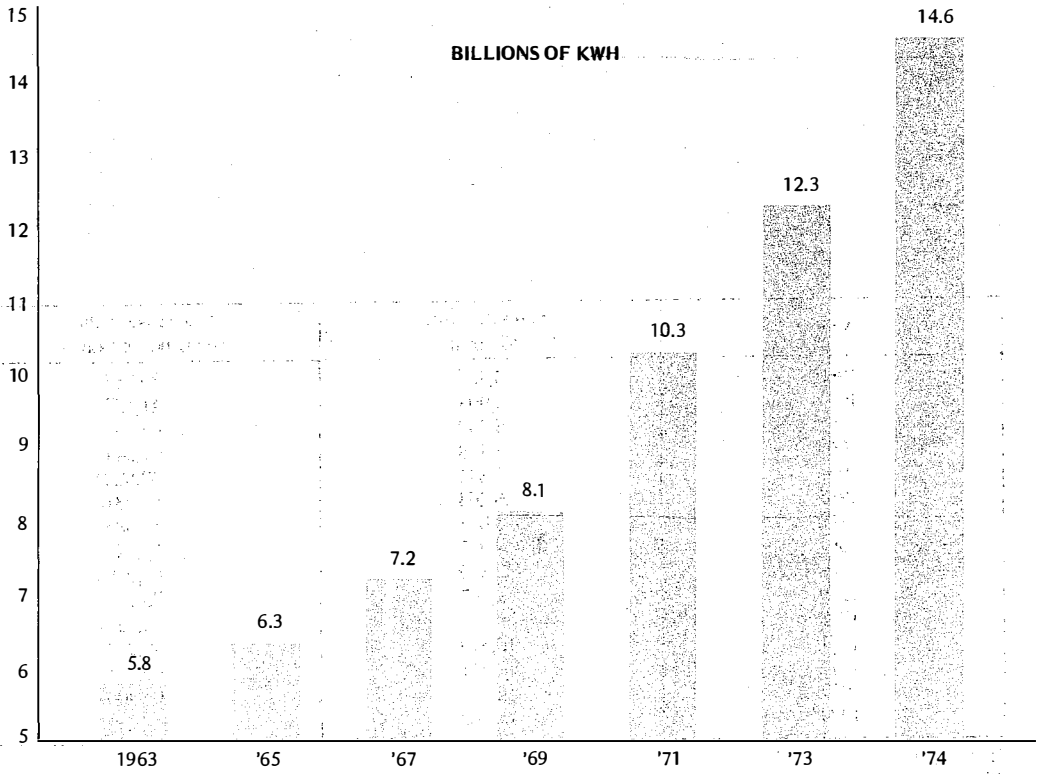
Source: Department of Mines, Resources & Environmental Management.

ELECTRIC POWER AVAILABLE IN MANITOBA

Year	Kilowatt Hours (Millions)	Average Net Value (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	9,279	82,482
1971	10,319	90,294
1972 ^r	11,711	100,151
1973*	12,300	109,400
1974*	14,600	136,000

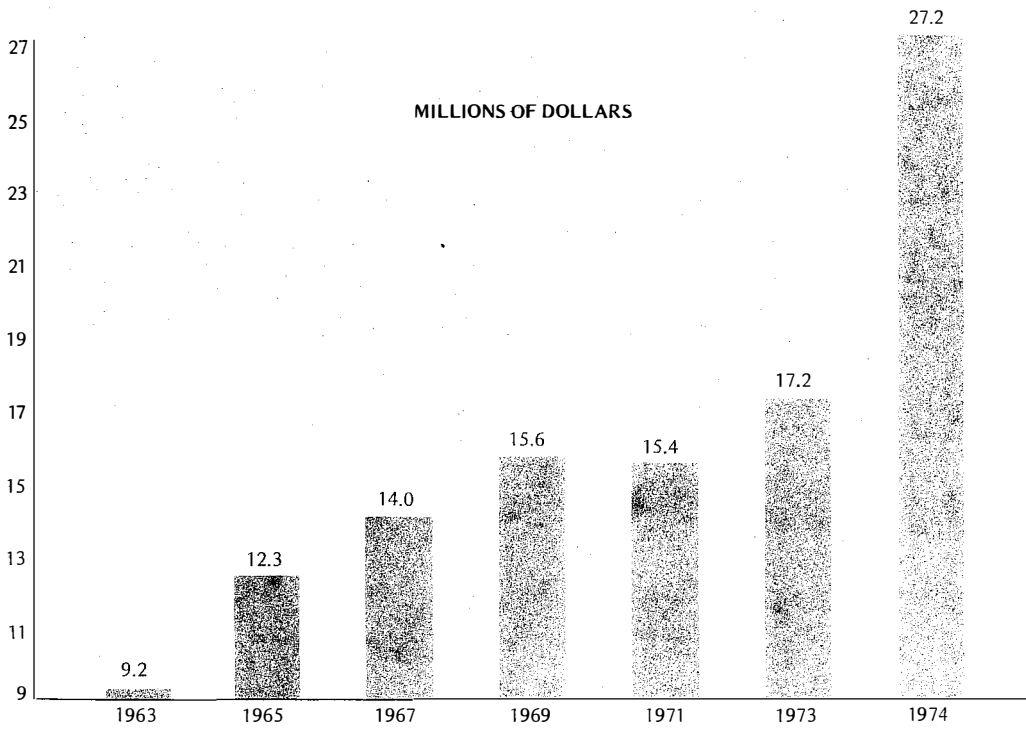
*Estimated
^r Revised

ELECTRICAL POWER AVAILABLE IN MANITOBA



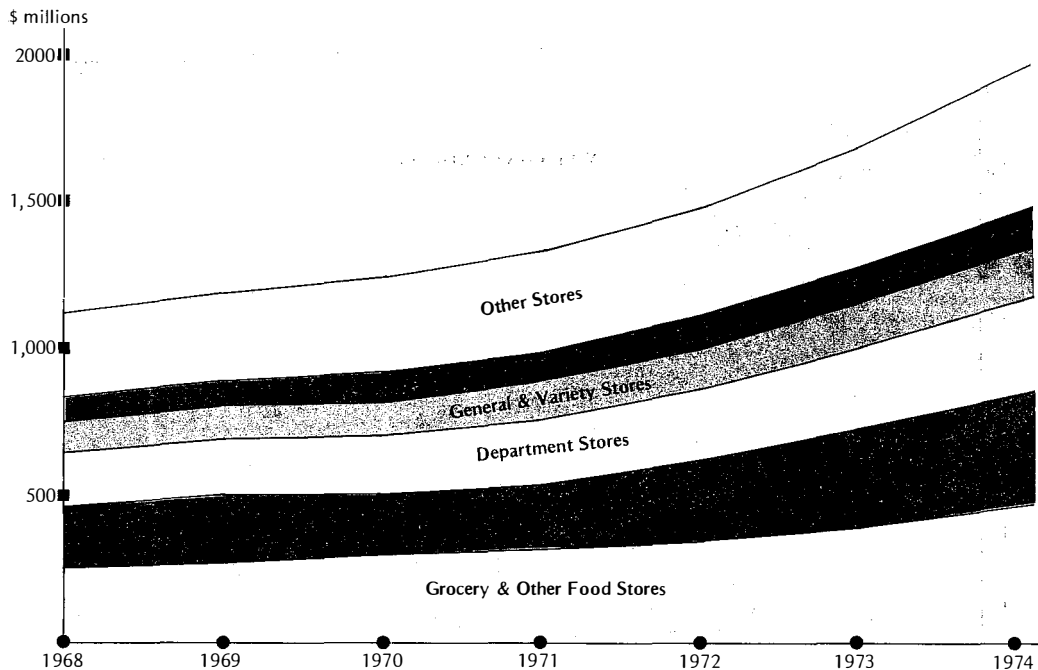
Source: Department of Mines, Natural Resources and Environmental Management.

VALUE OF CRUDE OIL PRODUCTION IN MANITOBA



Source: Department of Mines, Natural Resources and Environmental Management.

VALUE OF RETAIL TRADE BY KIND OF BUSINESS
MANITOBA 1968-74



(Millions of Dollars)

	All Stores	Grocery & Other Food Stores	Motor Vehicle Dealers	Department Stores	General & Variety Stores	Service Stations & Garages	Other Stores
1968	1,066	255	209	184	107	81	282
1969	1,188	273	217	198	112	84	304
1970	1,227	293	199	198	118	97	322
1971	1,318	307	227	215	127	102	340
1972	1,470	339	267	243	138	113	370
1973	1,674	384	334	275	152	120	409
1974	1,936	456	385	314	176	131	474

Source: Statistics Canada.

TOTAL PUBLIC AND PRIVATE INVESTMENT IN MANITOBA
(Includes new and repair capital expenditures)

(Millions of Dollars)

Year	Institutional Services and Government Departments	Percent Change	Utilities	Percent Change	Private Sector and Other Capital Investment	Percent Change	Total	Percent Change
1961	142.6	—	151.2	—	290.9	—	584.7	—
1962	131.5	- 7.8	170.2	12.6	294.7	1.3	596.4	2.0
1963	133.5	1.5	208.5	22.5	333.4	13.1	675.4	13.2
1964	148.1	10.9	190.9	- 8.4	380.3	14.1	719.3	6.5
1965	145.6	- 1.7	173.7	- 9.0	414.9	9.1	734.2	2.1
1966	193.5	32.9	201.2	15.8	465.4	12.2	860.1	17.1
1967	180.4	- 6.8	271.3	34.8	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	220.7	- 5.7	280.6	- 0.9	573.2	- 6.9	1,074.5	- 5.1
1972	231.5	4.9	363.4	29.5	617.3	7.7	1,247.5	16.1
1973	250.2	8.1	440.3	21.1	778.3	26.1	1,468.8	17.7
1974 ¹	262.8	5.0	564.8	28.3	969.9	24.6	1,797.5	22.4

¹Preliminary actual figures.

NEW CAPITAL INVESTMENT* IN MANITOBA
(1973 and 1974)

(Millions of Dollars)

	1973	1974 ¹	Percent Change
Primary Industries and Construction Industry	208.9	288.4	+38%
Manufacturing	68.3	90.3	+32%
Utilities	349.2	436.7	+25%
Trade, Finance and Commercial Services	97.2	119.8	+23%
Housing	213.4	255.8	+20%
Institutional Services and Government Departments	206.0	215.1	+ 4%
TOTAL	1,143.0	1,406.1	+23%

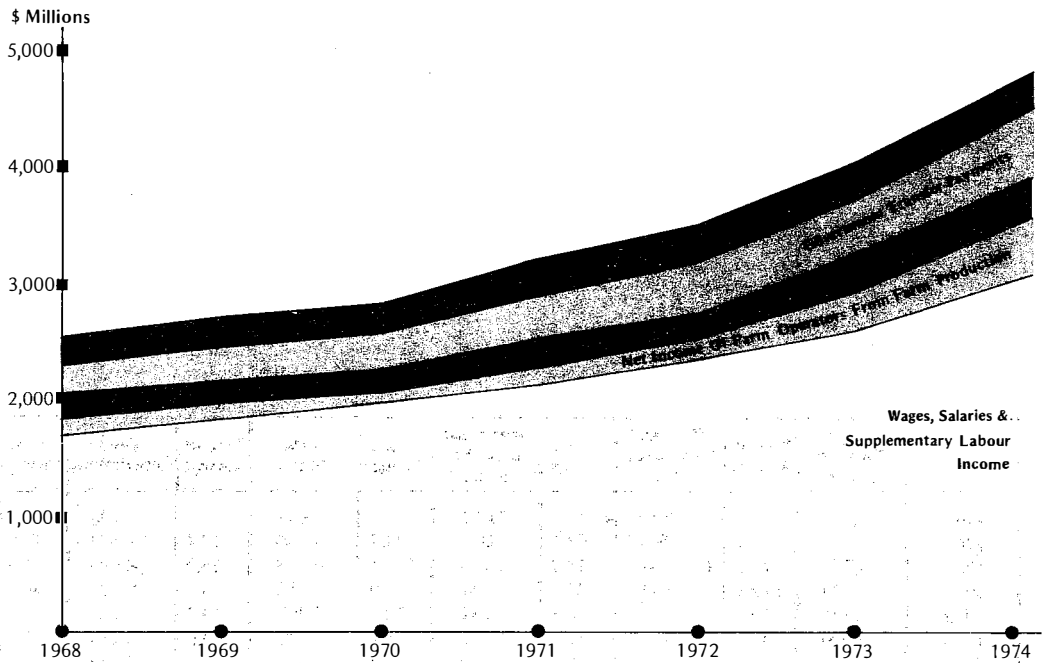
*New Capital Investment is made up of capital expenditures on new construction and on new machinery and equipment.

¹Preliminary Actual

RESIDENTIAL DWELLING UNIT STARTS AND COMPLETIONS IN MANITOBA

Year	Single Detached Starts	Percent Change	Row and Two Family Starts	Percent Change	Apartment and Other Starts	Percent Change	Total Starts	Percent Change	Total Completions	Percent Change
1961	3,759	—	307	—	1,612	—	5,678	—	5,500	—
1962	3,279	- 12.8	519	69.1	891	- 44.7	4,689	- 17.4	4,831	12.2
1963	3,794	15.7	446	- 14.1	2,148	141.1	6,388	36.2	4,892	1.3
1964	4,270	12.5	642	43.9	1,740	- 19.0	6,652	4.1	6,597	34.9
1965	3,621	-15.2	394	- 38.6	1,954	12.3	5,969	- 10.3	6,193	- 6.1
1966	3,200	- 11.6	325	- 17.5	1,727	- 11.6	5,252	- 12.0	5,416	- 12.5
1967	3,374	5.4	583	79.4	1,880	8.9	5,837	11.1	5,537	2.2
1968	2,649	- 21.5	511	- 12.3	3,296	75.3	6,456	10.6	5,878	6.2
1969	3,315	25.1	1,123	119.8	7,406	124.7	11,844	83.5	7,588	29.1
1970	3,068	- 7.5	1,824	62.4	4,053	- 45.3	8,945	- 24.5	9,320	22.8
1971	3,719	21.2	1,707	- 6.4	5,279	30.2	10,705	19.7	10,093	8.3
1972	4,889	31.5	1,287	- 24.6	5,892	11.6	12,068	12.7	10,071	- 0.2
1973	5,816	19.0	541	- 58.0	5,174	- 12.2	11,531	- 4.4	10,735	6.6
1974	5,405	- 7.1	920	70.1	2,427	- 53.1	8,752	- 24.1	12,164	13.3

**SOURCES OF PERSONAL INCOME
MANITOBA 1968-74**

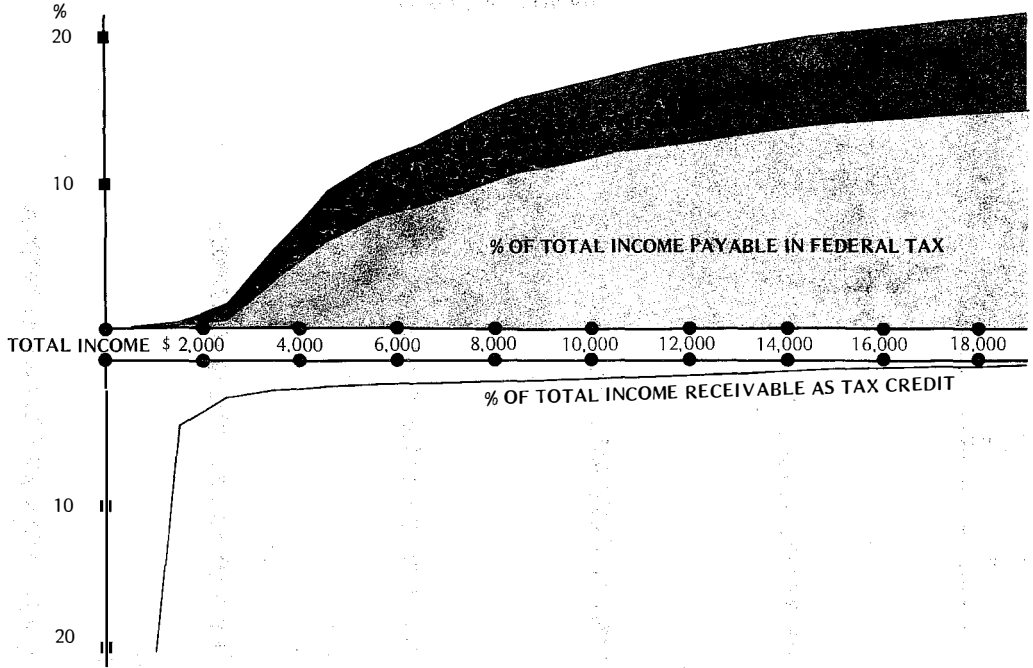


	Total	Wages, Salaries & Supplementary Labour Income	Net Income of Farm Operators from Farm Production	Interest, Dividends & Miscellaneous Investment Income	Government Transfer Payments
1968	2523	1,711	151	175	253
1969	2704	1,869	103	203	277
1970	2857	1,991	68	212	322
1971	3156	2,136	143	223	371
1972	3529	2,375	162	248	441
1973	4063	2,605	358	298	480
1974	4791	3,013	501	361	570

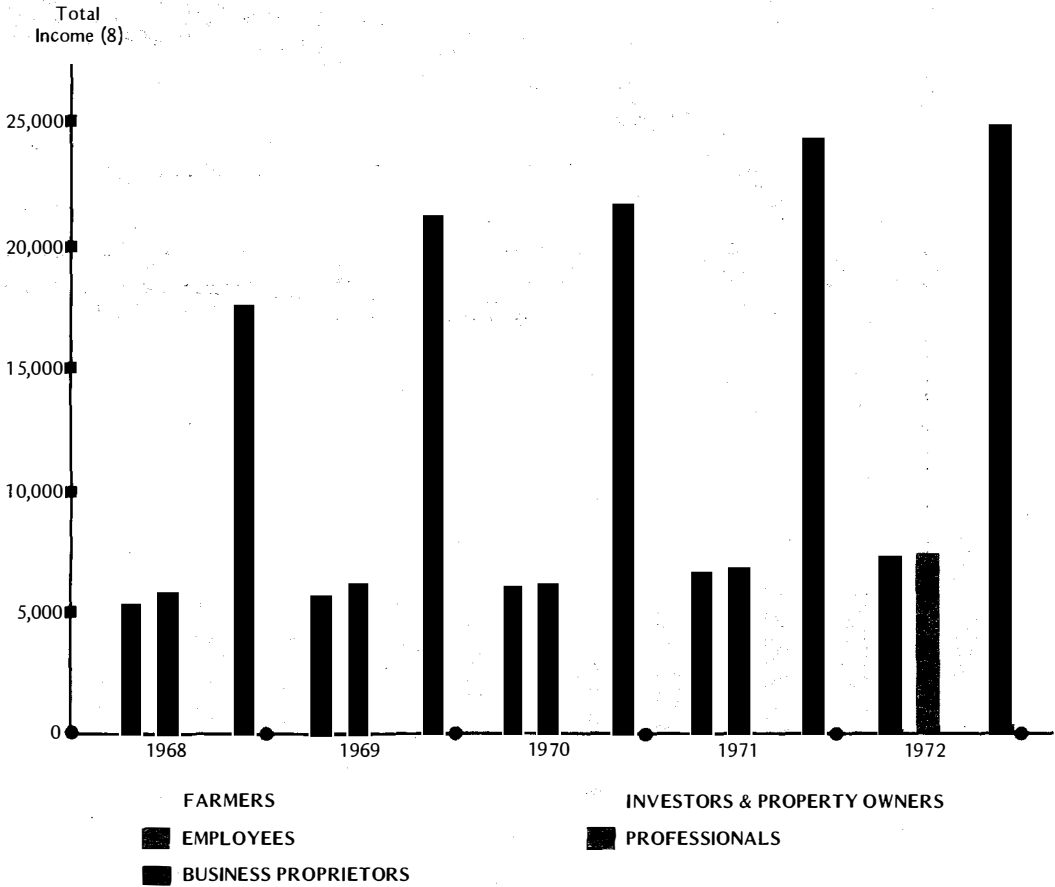
Source: Statistics Canada, Gross National Product Division

1975-1-10-10000

SHARES AMONG INCOME CLASSES OF TOTAL INCOME, TAX PAYABLE & TAX CREDITS
MANITOBA - ALL TAX RETURNS - 1973



AVERAGE TOTAL INCOME PER TAXABLE RETURN
MANITOBA 1968-72



	1968	1969	1970	1971	1972
farmers	\$ 4,298	\$ 4,287	\$ 4,294	\$ 5,164	\$ 5,953
employees	5,298	5,659	5,992	6,675	7,220
business proprietors	5,835	6,165	6,037	6,782	7,397
investors & property owners	5,513	5,697	5,780	6,473	8,064
professionals	17,569	20,698	21,670	24,469	24,853

Source: National Revenue, Taxation.

**LABOUR FORCE PERFORMANCE
CANADA AND MANITOBA 1968-74**

	Change in Labour Force (%)		Participation Rates (%)		Unemployment Rates (%)	
	Canada	Manitoba	Canada	Manitoba	Canada	Manitoba
1968	2.9	3.9	55.5	56.4	4.8	3.5
1969	3.1	0.3	55.8	55.6	4.7	2.7
1970	2.6	1.9	55.8	55.9	5.9	4.5
1971	3.1	2.6	56.1	56.6	6.4	4.9
1972	3.0	1.5	56.5	56.7	6.3	4.5
1973	4.4	3.0	57.5	57.6	5.6	3.9
1974	4.1	3.9	58.3	58.6	5.4	3.1

CONSUMER PRICE CHANGES – WINNIPEG AND CANADA

	CONSUMER PRICE INDEX (1961 = 100)					
	Canada			Winnipeg		
	1973	1974	% Increase	1973	1974	% Increase
Jan./Mar.	145.2	159.2	9.6	138.0	149.2	8.1
Apr./June	148.5	164.4	10.7	140.2	155.2	10.7
July/Sept.	152.6	169.4	11.0	143.7	159.5	11.0
Oct./Dec.	155.4	174.0	12.0	146.3	165.1	12.9
Jan./Dec.	150.4	166.8	10.9	142.0	159.2	10.7

Source: Statistics Canada

Table
CONSUMER PRICE INDICES – REGIONAL CITIES

	% RATE OF INFLATION – AVERAGE 1974 OVER AVERAGE 1973							
	All Items	Food	Housing	Clothing	Transportation	Health & Personal Care	Recreation & Reading	Tobacco & Alcohol
St. John's	12.8	19.7	10.4	10.0	12.3	12.4	7.9	4.3
Halifax	9.6	15.9	8.1	4.7	9.4	6.9	6.7	5.0
Saint John	10.2	14.4	4.4	4.4	11.9	9.8	6.9	5.1
Montreal	11.1	17.3	7.5	10.1	10.0	8.5	8.8	7.1
Ottawa	10.7	16.0	8.3	9.6	12.8	8.5	7.2	5.9
Toronto	10.5	16.0	8.3	9.7	10.0	9.8	8.8	4.8
Winnipeg	10.7	16.3	8.9	9.6	8.9	9.0	8.7	4.6
Regina	9.4	15.1	6.0	10.1	7.9	8.6	9.9	6.1
Edmonton	10.1	15.3	8.2	10.5	9.4	7.2	8.7	3.4
Vancouver	11.6	18.8	9.9	10.5	6.7	9.5	9.0	6.7

Source: Statistics Canada.

INTER-CITY INDEXES OF RETAIL PRICE DIFFERENTIALS
DECEMBER, 1974 WINNIPEG PRICE LEVELS = 100

	Food	Housing	Clothing	Transportation	Health & Personal Care	Recreation & Reading	Tobacco & Alcohol
St. John's	114.0	115.6	103.7	116.9	101.6	95.9	127.7
Halifax	105.9	106.7	92.9	106.7	101.4	102.2	104.9
Saint John	103.6	111.5	100.5	113.8	100.4	108.3	108.5
Montreal	98.4	107.7	99.4	113.2	93.5	106.6	100.7
Ottawa	98.9	107.4	100.4	107.5	111.0	99.8	97.0
Toronto	96.8	102.7	96.8	104.8	110.5	103.5	95.2
Winnipeg	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Regina	101.7	95.8	100.6	98.8	97.5	101.7	95.7
Edmonton	100.6	98.9	98.8	101.1	106.7	101.3	94.2
Vancouver	110.9	111.5	103.6	103.1	115.8	102.6	99.0

SOURCE: Department of Finance/Statistics Canada.

RESIDENTIAL RATE FOR 1000 KILOWATT HOURS OF ELECTRICAL
POWER PER MONTH

<u>City</u>	<u>Rate (April 16, 1975)</u>
Regina	\$13.98
Winnipeg	\$15.79 ⁽²⁾
Montreal	\$16.20
Calgary	\$16.31
Toronto	\$17.04
Fredericton	\$18.10 ⁽³⁾
St. John's	\$19.38 ⁽⁴⁾
Vancouver	\$19.90
Halifax	\$21.57 ⁽⁵⁾
Charlottetown	\$31.74

(2) Effective April 15, 1975.

(3) Application has been made to increase the monthly rate to \$19.84 effective June 1, 1975.

(4) Application has been made for an increase of 16.9% effective July 1, 1975.

(5) The monthly rate is scheduled to increase to \$28.31 effective July 1, 1975.

Source: Manitoba Hydro.

MANITOBA AVERAGE WEEKLY EARNINGS
 1973, 1974 QUARTERLY % CHANGE

		<u>Manufacturing</u>	<u>Construction</u>	<u>Industrial Composite</u>
1973	I	1.4	8.5	1.0
	II	3.0	-5.4	2.1
	III	1.3	3.0	1.8
	IV	2.5	3.0	2.6
1974	I	1.6	8.5	3.5
	II	2.3	4.7	2.9
	III	5.6	8.1	5.3
	IV	Not Available	Not Available	1.2

SOURCE: Statistics Canada

APPENDIX B — FINANCIAL STATISTICS

FINANCIAL STATISTICS

1. SUPPLEMENTARY ESTIMATES - 1975/76
2. COMBINED MAIN AND SUPPLEMENTARY EXPENDITURE ESTIMATES
AND REVENUE ESTIMATES - 1975/76
3. 1975/76 CAPITAL AUTHORITY REQUIREMENTS
4. SUMMARIZED STATEMENT OF DIRECT PUBLIC DEBT AT MARCH 31, 1974
5. STATEMENT OF GUARANTEES OUTSTANDING

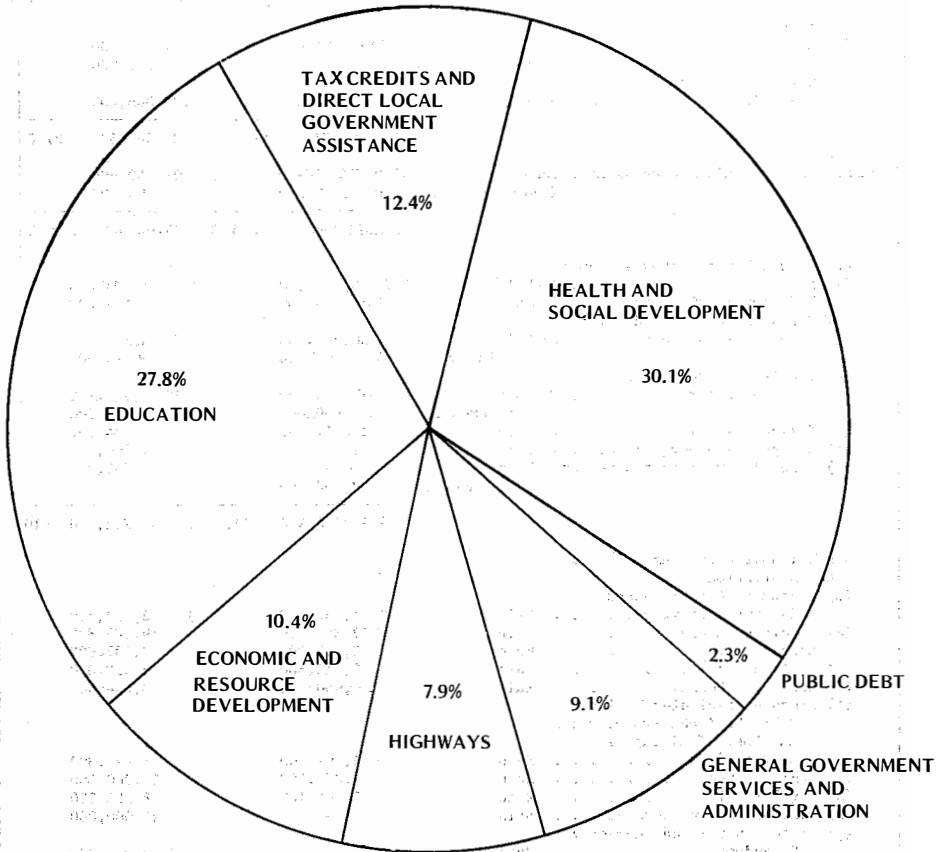
6. CURRENT EXPENDITURES AS A PERCENTAGE OF G.P.P.
7. FEDERAL AND PROVINCIAL SPENDING INTENTIONS 1975/76
8. FINANCING ELEMENTARY AND SECONDARY EDUCATION IN MANITOBA

DETAILED SUPPLEMENTARY ESTIMATES OF CURRENT EXPENDITURE
OF THE
PROVINCE OF MANITOBA
For the Fiscal Year Ending March 31st, 1976

Appropriation No.	SERVICE	Details of Appropriations	Year Ending March 31st, 1976	Resolution No.
EDUCATION (XXI)				
3	Financial Support - Public Schools	\$ 330,000		1
	(a) School Grants and Other Assistance	\$330,000		
	TOTAL FOR EDUCATION		\$ 330,000	
FINANCE (VII)				
3	Federal-Provincial Relations and Research Division	\$15,000,000		2
	(c) Manitoba Tax Credit Office			
	(3) Property Tax Credit Advances	\$ 4,500,000		
	(4) Cost of Living Tax Credit Payments	10,500,000		
		<u>\$15,000,000</u>		
	TOTAL FOR FINANCE		\$15,000,000	
HEALTH AND SOCIAL DEVELOPMENT (IX)				
3	Community Operations Division	\$ 490,000		3
	(h) Operations Administration and Field Services			
	(4) Regional and Community Health Services			
	(c) External Agencies \$ 490,000			
	TOTAL FOR HEALTH AND SOCIAL DEVELOPMENT		\$ 490,000	
MINES, RESOURCES AND ENVIRONMENTAL MANAGEMENT (XII)				
7	Lands, Forests and Wildlife Resources	\$ 292,500		4
	(h) Development and Extension			
	(3) Wild Fur Program	\$ 292,500		
	TOTAL FOR MINES, RESOURCES AND ENVIRONMENTAL MANAGEMENT		\$ 292,500	
MUNICIPAL AFFAIRS (XIII)				
7	Municipal Budget and Finance	\$ 1,000,000		5
	(d) Unconditional Grants Act - Municipalities, Local Government Districts and Areas	\$1,000,000		
	TOTAL FOR MUNICIPAL AFFAIRS		\$ 1,000,000	
TOURISM, RECREATION AND CULTURAL AFFAIRS (XIV)				
3	Cultural and Recreational Services Division	\$ 1,000,000		6
	(g) Public Library Services			
	(3) Grant Assistance	\$1,000,000		
	TOTAL FOR TOURISM, RECREATION AND CULTURAL AFFAIRS		\$ 1,000,000	
TOTAL SUMS TO BE VOTED			<u>\$18,112,500</u>	

MAIN AND SUPPLEMENTARY ESTIMATES OF CURRENT EXPENDITURE					
FISCAL 1974-75 AND 1975-76					
		Fiscal 1974-75	% of Total	Fiscal 1975-76	% of Total
1. Education					
(a) Education	Main	\$145,804,600		\$ 164,077,300	
	Supplementary	-		330,000	
(b) Colleges and Universities Affairs	Main	93,563,000		121,066,300	
		\$239,367,600	28.2	\$ 285,473,600	27.8
2. Health and Social Development . .	Main	\$270,219,900		\$ 308,559,400	
	Supplementary	10,700,000		490,000	
		\$280,919,900	33.1	\$ 309,049,400	30.1
3. Economic and Resource Development					
(a) Agriculture	Main	\$ 25,397,800		\$ 25,511,800	
(b) Industry and Commerce	Main	6,046,800		6,422,200	
(c) Mines, Resources and Environ- mental Management	Main	30,334,200		34,123,000	
	Supplementary	1,000,000		292,500	
(d) Tourism, Recreation and Cultural Affairs	Main	14,226,400		19,958,100	
	Supplementary	1,900,000		1,000,000	
(e) Northern Affairs	Main	14,767,200		17,334,200	
(f) Co-operative Development . .	Main	1,012,400		1,290,800	
(g) General Development Agreement	Main	-		850,000	
	Supplementary	2,006,100		-	
		\$ 96,690,900	11.4	\$ 106,782,600	10.4
4. General Government Services and Administration					
(a) Consumer, Corporate and Internal Services	Main	\$ 1,956,400		\$ 2,199,500	
(b) Attorney-General	Main	17,364,600		19,885,800	
(c) Labour	Main	2,297,800		2,507,800	
(d) Legislation	Main	2,015,600		2,628,300	
(e) Executive Council	Main	2,950,500		3,244,500	
(f) Finance (excluding Public Debt, Manitoba Property Tax and Cost of Living Tax Credit Plans)	Main	4,799,500		5,927,300	
(g) Public Works	Main	17,077,500		22,760,800	
(h) Civil Service	Main	5,408,100		8,523,000	
(i) General Salary Increase . . .	Main	-		23,000,000	
(j) Flood Control and Emergency Expenditures	Main	-		3,318,900	
	Supplementary	5,000,000		-	
		\$ 58,870,000	6.9	\$ 93,995,900	9.1
5. Highways	Main	\$ 69,819,900		\$ 80,728,900	
	Supplementary	3,250,000		-	
		\$ 73,069,900	8.6	\$ 80,728,900	7.9
6. Tax Credits and Direct Local Government Assistance					
(a) Municipal Affairs	Main	\$ 18,124,100		\$ 22,170,400	
	Supplementary	-		1,000,000	
(b) Urban Affairs	Main	7,704,100		11,809,500	
(c) Manitoba Property Tax Credit Plan	Main	42,450,000		63,290,500	
	Supplementary	8,000,000		4,500,000	
(d) Manitoba Cost of Living Tax Credit Plan	Main	-		14,000,000	
	Supplementary	14,000,000		10,500,000	
		\$ 90,278,200	10.6	\$ 127,270,400	12.4
7. Public Debt	Main	\$ 10,072,000	1.2	\$ 24,069,000	2.3
		\$849,268,500	100.0	\$1,027,369,800	100.0

**BUDGETARY (CURRENT) EXPENDITURES
FISCAL 1975-76**



(Millions of Dollars)

Education	\$ 285.5
Health and Social Development	309.0
Highways	80.7
Tax Credits and Direct Local Government Assistance	127.3
Economic and Resource Development	106.8
General Government Services and Administration	94.0
Public Debt	24.1

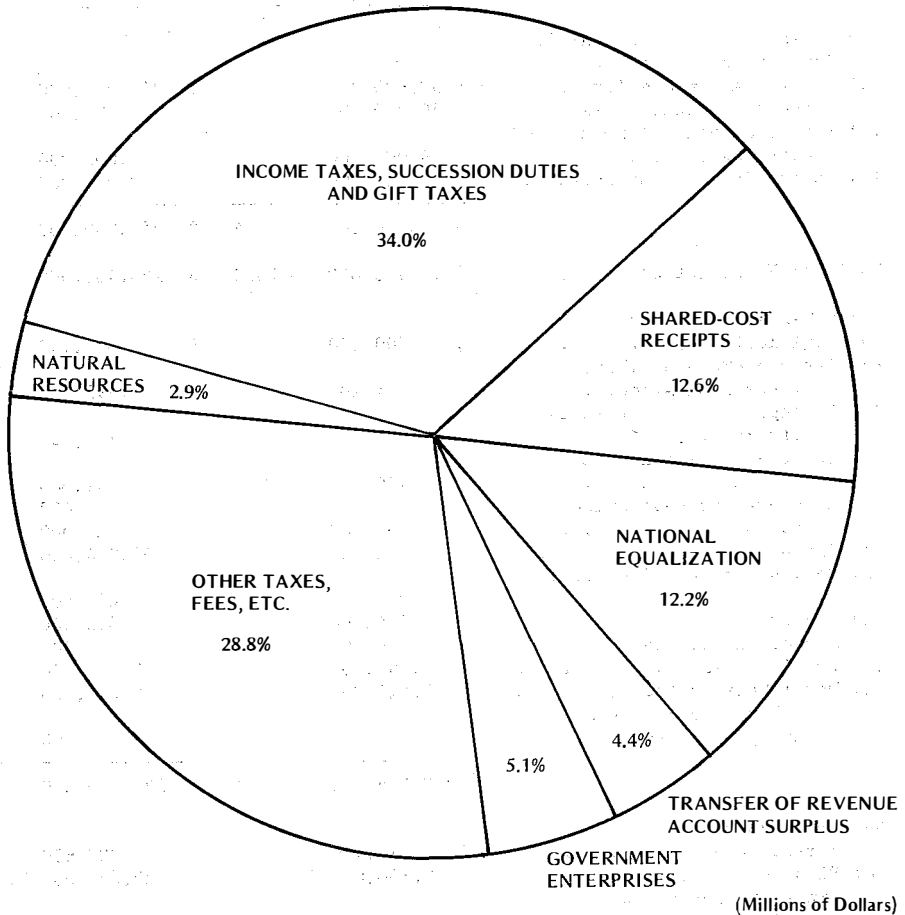
TOTAL \$ 1,027.4

REVENUE ESTIMATES - FISCAL 1974-75 AND 1975-76

	<u>Fiscal</u> <u>1974-75</u>	<u>% of</u> <u>Total</u>	<u>1975-76</u>	<u>% of</u> <u>Total</u>
1. Income Taxes and Provincial Succession Duty and Gift Tax				
(a) Individual Income Tax	\$197,600,000		\$ 241,900,000	
(b) Corporation Income Tax	50,300,000		70,000,000	
(c) Manitoba Succession Duty and Gift Tax	4,000,000		5,000,000	
(d) Income Tax Revenue Guarantee	15,000,000		30,000,000	
	<u>\$266,900,000</u>	<u>31.4</u>	<u>\$ 346,900,000</u>	<u>34.0</u>
2. National Equalization	\$112,700,000	13.3	\$ 124,400,000	12.2
3. Other Taxes, Fees, etc.				
(a) Legislation	\$ 300,200		\$ 392,100	
(b) Attorney-General (less Liquor Commission)	6,474,100		7,992,100	
(c) Colleges and Universities Affairs	981,800		934,000	
(d) Consumer, Corporate and Internal Services	799,500		902,300	
(e) Co-operative Development	500		600	
(f) Education	85,200		87,000	
(g) Finance	207,662,200		253,024,000	
(h) Health and Social Development	710,000		448,500	
(i) Labour	376,200		355,500	
(j) Municipal Affairs	26,000		31,000	
(k) Public Works	1,193,400		1,689,200	
(l) Motor Vehicle Fees	17,845,000		19,821,000	
(m) Miscellaneous Receipts for Sundry Services	7,361,300		7,856,300	
	<u>\$243,815,400</u>	<u>28.7</u>	<u>\$ 293,533,600</u>	<u>28.8</u>
4. Natural Resources				
(a) Agriculture	\$ 510,700		\$ 283,600	
(b) Finance	30,600,000(1)		20,680,000(1)	
(c) Mines, Resources and Environmental Management	6,655,700		7,710,400	
(d) Northern Affairs	40,000		34,000	
(e) Tourism, Recreation and Cultural Affairs	1,330,400		1,398,600	
	<u>\$ 39,136,800</u>	<u>4.6</u>	<u>\$ 30,106,600</u>	<u>2.9</u>
5. Government Enterprises (Liquor Commission)	\$ 42,000,000	4.9	\$ 52,000,000	5.1
6. Shared Cost Receipts	\$ 99,938,600	11.8	\$ 129,055,800	12.6
7. Transfer of Revenue Account Surplus	\$ 45,000,000	5.3	\$ 45,000,000	4.4
	<u>\$849,490,800</u>	<u>100.0</u>	<u>\$1,020,996,000</u>	<u>100.0</u>

(1) Includes Mining Royalty Tax, Mining Claim Lease Tax, Mineral Tax, Mineral Acreage Tax, and Mineral Tax (Incremental).

**BUDGETARY (CURRENT) REVENUES
FISCAL 1975-76**



Income Taxes, Succession Duty and Gift Tax	\$ 346.9
National Equalization	124.4
Other Taxes, Fees, Etc.	293.5
Natural Resources	30.1
Government Enterprises	52.0
Shared-Cost Receipts	129.1
Transfer of Revenue Account Surplus	45.0

TOTAL

\$ 1021.0

DEPARTMENT OF FINANCE

1975-76 CAPITAL AUTHORITY REQUIREMENTS
 (\$'000)

SCHEDULE "A"

SELF SUSTAINING PROGRAMS	<u>1974-75</u>	<u>1975-76</u>
The Manitoba Hydro - Electric Board	480,000.0	335,800.0
Manitoba Telephone System	79,780.0	40,576.0
The Manitoba Water Services Board	4,560.0	2,650.0
The Manitoba Agricultural Credit Corporation	14,650.0	-
The Manitoba School Capital Financing Authority	14,000.0	18,000.0
The Manitoba Hospital Capital Financing Authority	18,000.0	-
Manitoba Mineral Resources Ltd.	340.0	1,038.0
The Manitoba Housing & Renewal Corporation	20,000.0	46,000.0
Manitoba Development Corporation	39,900.0	32,550.0
The Communities Economic Development Fund	1,000.0	-
Manitoba Forestry Resources Ltd.	-	5,000.0
	<u>622,230.0</u>	<u>481,614.0</u>

SCHEDULE "B"

DIRECT GOVERNMENT PROGRAMS	<u>1974-75</u>	<u>1975-76</u>
Churchill Townsite Redevelopment	6,390.0	-
Agricultural Service Centres Agreement	-	5,000.0
Education Purposes		
a) Frontier School Division	3,030.0	-
b) Community Colleges	-	1,000.0
c) Universities	6,000.0	3,950.0
Frontier & Resource Roads	10,000.0	-
Grants re Municipal Sewer & Water Systems	3,100.0	1,850.0
Winter Works & Emergency Programs	7,250.0	-
Water Control Works	-	1,260.0
General Development Agreement	7,685.0	9,310.0
General Purposes	33,650.0	40,296.8
	<u>77,105.0</u>	<u>62,666.8</u>
	<u>699,335.0</u>	<u>544,280.8</u>

SUMMARIZED STATEMENT OF DIRECT PUBLIC DEBT
AS OF MARCH 31, 1974

Funded Debt:

Bonds and Debentures:

Payable in Canadian Dollars	\$ 129,245,830
Payable in United States Dollars (U.S. \$155,000,000).....	155,000,000
Payable in European Units of Account (E.U.A. 22,800,000)	24,549,000
Payable in Swiss Francs (S.F. 80,000,000)	20,492,315
	<hr/>
	629,287,145

Treasury Bills and Other Notes:

Payable in Canadian Dollars	66,664,784
	<hr/>

Total Funded Debt	695,952,929
	<hr/>

Unfunded Debt:

Accrued Interest and Other Charges.....	11,539,708
Accounts Payable.....	3,151,690
Special Funds.....	45,201,049
	<hr/>

Total Unfunded Debt.....	59,892,447
	<hr/>

Total Direct Public Debt.....	755,845,376
	<hr/>

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

Sinking Funds - Cash and Investments.....	82,423,305
Special Reserve for Retirement of Debt.....	21,991,932
Cash on hand and in Banks - net.....	37,883,719
Temporary and Other Investments.....	35,661,989
Advances to Manitoba Hydro-Electric Board.....	\$223,596,431
Less: Premium on U.S. funds.....	10,040,431
	<hr/>
	213,556,000
Less: Sinking Funds included above.....	14,405,123
	<hr/>
	199,150,877
Advances to Manitoba Telephone System.....	48,700,000
Less: Sinking Funds included above.....	8,453,021
	<hr/>
	40,246,979
Advances to Manitoba Housing & Renewal Corp.....	13,640,000
Less: Sinking Funds included above.....	299,058
	<hr/>
	13,340,942
Advances to Manitoba Development Corporation.....	188,361,115
Advances to Manitoba Agricultural Credit Corporation.....	54,464,725
Advances to Municipalities and Schools.....	15,178,531
Other - net.....	29,287,571
	<hr/>
Total Deductions.....	717,991,685
	<hr/>

Net Direct Public Debt.....	\$ 37,853,691
	<hr/>

Note: The financial statement of the Manitoba Development Corporation shows a deficit on operations of \$56,335,040 at March 31, 1974. 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 1970-73 as follows:

	1970	1971	1972	1973
As at March 31	\$54,592,024	\$27,023,598	\$48,509,132	\$31,850,320

Source: Department of Finance.

STATEMENT OF GUARANTEES OUTSTANDING
BY CLASS OF BORROWER

	<u>December 31,</u> <u>1973</u>	<u>March 31,</u> <u>1974</u>	<u>December 31,</u> <u>1974</u>
Guaranteed as to Principal and Interest:			
Manitoba Hydro.....	\$ 879,945,000	\$ 866,945,000	\$ 1,097,552,000
Manitoba Telephone System.....	178,500,000	226,050,000	209,158,000
Manitoba Water Services Board....	5,977,000	5,977,000	5,977,000
University of Manitoba.....	26,408,554	26,408,554	26,298,184
Manitoba Development Corporation.....	41,499,000	45,400,000	50,400,000
Manitoba School Capital Financing Authority.....	112,500,000	113,000,000	116,000,000
Manitoba Agricultural Credit Corporation.....	8,850,000	8,850,000	8,850,000
Hospitals and Other.....	8,374,769	8,310,571	7,954,107
	<u>\$ 1,262,054,323</u>	<u>\$1,300,941,125</u>	<u>\$ 1,522,189,293</u>
Guaranteed as to Interest Only:			
School Districts.....	1,672,577	1,672,577	1,417,936
Municipalities.....	987,436	987,436	770,244
	<u>\$ 2,660,013</u>	<u>\$ 2,660,013</u>	<u>\$ 2,188,180</u>
	<u>\$ 1,264,714,336</u>	<u>\$1,303,601,138</u>	<u>\$ 1,524,377,473</u>

Note: Sinking Funds and other Debt Retirement Funds at December 31, 1974, total:

(a) For General Purpose Debt.....	\$ 85,921,714
(b) For self-sustaining Direct and Guaranteed Debt.....	112,764,569
	<u>\$ 198,686,283</u>

Source: Department of Finance.

GOVERNMENT OF MANITOBA EXPENDITURES AS % OF G.P.P.

1968-74 (Calendar Year Basis)

	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
Gross expenditures ⁽¹⁾ /G.P.P. (%)	10.7	11.0	12.1	12.9	12.6	13.0	13.4
Net expenditures ⁽²⁾ /G.P.P. (%)	10.2	10.4	11.2	11.8	11.5	11.5	11.7

(1) Total current expenditures

(2) Total current expenditures less tax credit payments and transfer payments to individuals

SOURCE: Department of Finance

FEDERAL AND PROVINCIAL SPENDING INTENTIONS 1975-76

(\$ million)

	<u>1974-75</u> ⁽¹⁾	<u>1975-76</u>	<u>Percent Change</u>
Federal Government	22,023	28,242	28.2
Newfoundland	753	926	23.0
Nova Scotia	867	980	13.0
New Brunswick	802	971	21.1
Prince Edward Island	150	N/A	N/A
Quebec	6,521	8,195	25.7
Ontario	8,341	10,192	22.2
Manitoba	834	1,009	21.0*
Saskatchewan	899	1,141	26.9
Alberta	1,915	2,439	27.4
British Columbia	2,172	3,223	48.4

(1) Original budgetary estimates.

SOURCE: Main Estimates of each government.

* NOTE: The Manitoba increase, including supplementary estimates in both 1974/75 and 1975/76, is the same: 21%.

FINANCING ELEMENTARY AND SECONDARY EDUCATION IN MANITOBA
1969, 1972, 1975

(A)	1969		1972		1975 Estimates	
	\$ millions	Percent	\$ millions	Percent	\$ millions	Percent
--General Foundation Levies	34.1		34.7		30.3	
--Special Levies	34.6		54.0		113.3	
School Taxes Levied	68.7		88.7		143.6	
Minus Rebates and Tax Credits	-1.3		-37.0 ⁽¹⁾		-75.5 ⁽²⁾	
Net Local Levy	67.4	45	51.7	26	68.1	23
(B)						
Provincial Share of Foundation Program	73.6		103.0		141.8	
Other Provincial Grants plus Rebates and Tax Credits	+1.3		+37.0 ⁽¹⁾		+75.5 ⁽²⁾	
Provincial Share	74.9	50	140.0	69	217.3	75
(C)						
Other Revenue	6.8	5	10.1	5	6.4	2
Total Elementary and Secondary Educational Expenditure	149.1	100	201.8	100	291.8	100

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

(2) 1975 Property Tax Credit Plan and Other Rebates. While the 1975 Property Tax Credit Plan yields credits on the basis of all property taxes paid, it is intended to cover education property taxes in their entirety first. For some individuals a residual is available to provide some municipal property tax relief.

Special Revenue School districts included.

Source: Department of Finance/Management Committee/Department of Education

APPENDIX C — PERSONAL TAXATION AND CREDITS

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APPENDIX C — PAPER I
COMPARISON OF PROVINCIAL INCOME TAX PAYABLE BEFORE AND AFTER
MANITOBA PROPERTY AND COST OF LIVING TAX CREDITS
(1974 vs 1975)

TABLE I

COMPARISON OF PROVINCIAL INCOME TAX PAYABLE*
 BEFORE AND AFTER MANITOBA PROPERTY AND COST OF LIVING TAX CREDITS
 (1974 vs 1975)

MARRIED TAXPAYER — 2 DEPENDANTS UNDER AGE 16

Gross Income	1974					1975					Change 1975 Over 1974			
	Provincial Income Tax Before Credits	Property Tax Credit (1)	Cost of Living Tax Credit (2)	Total Credits	Provincial Income Tax After Credits	Provincial Income Tax Before Credits	Property Tax Credit (1)	Cost of Living Tax Credit (2)	Total Credits	Provincial Income Tax After Credits	Provincial Income Tax Savings (4)	Property Tax Credit Increase	Cost of Living Tax Credit Increase	Total Savings
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
4,000	0	250	77	327	(327)	0	300	127	427	(427)	0	50	50	100
4,500	22	246	72	319	(296)	1	300	126	426	(425)	20	54	54	128
5,000	56	241	68	309	(252)	20	295	122	416	(396)	36	54	54	144
6,000	136	231	58	289	(152)	95	285	112	396	(301)	41	54	54	149
7,000	220	221	48	269	(48)	177	275	102	376	(199)	43	54	54	151
8,000	309	211	38	249	60	262	265	92	356	(94)	47	54	54	154
9,000	398	201	28	229	169	351	255	82	336	15	47	54	54	154
10,000	492	191	18	209	283	440	245	72	316	124	51	54	54	159
12,000	691	171	0	171	520	633	225	52	276	357	58	54	52	164
15,000	1,021	150	0	150	871	946	195	22	216	730	75	45	22	142
20,000	1,683	150	0	150	1,533	1,564	175	0	175	1,389	119	25	0	144
25,000	2,427	150	0	150	2,277	2,292	175	0	175	2,117	135	25	0	160
50,000	6,565	150	0	150	6,415	6,306	175	0	175	6,131	259	25	0	284
100,000	16,245	150	0	150	16,095	15,865	175	0	175	15,690	380	25	0	405

*Assumes all income is from wages and salaries. For 1975, it is proposed that the provincial personal income tax rate will be 40.5% and the municipal rate 2.0%. All above calculations use a combined 42.5% rate.

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

(2) Based on the 1974 basic exemption of \$1,706, the married exemption of \$1,492 and the dependant under age 16 exemption of \$320.

(3) Based on the 1975 basic exemption of \$1,878, the married exemption of \$1,644 and the dependant under 16 exemption of \$352.

(4) Provincial income tax savings result from the indexation of tax exemptions and tax brackets under the federal income tax system. This reduces "basic federal tax" upon which the provincial personal income tax is applied.

NOTE: Figures may not add due to rounding.

TABLE II

COMPARISON OF PROVINCIAL INCOME TAX PAYABLE *
BEFORE AND AFTER MANITOBA PROPERTY AND COST OF LIVING TAX CREDITS
(1974 vs 1975)

MARRIED TAXPAYER - NO DEPENDANTS

Gross Income \$	1 9 7 4					1 9 7 5					Change 1975 Over 1974			
	Provincial Income Tax Before Credits \$	Property Tax Credit (1) \$	Cost of Living Tax Credit (2) \$	Total Credits \$	Provincial Income Tax After Credits \$	Provincial Income Tax Before Credits \$	Property Tax Credit (1) \$	Cost of Living Tax Credit (3) \$	Total Credits \$	Provincial Income Tax After Credits \$	Provincial Income Tax Savings (4) \$	Property Tax Credit Increase \$	Cost of Living Tax Credit Increase \$	Total Savings \$
3,000	0	250	64	314	(314)	0	300	106	406	(406)	0	50	42	92
3,500	5	249	63	312	(307)	0	300	106	406	(406)	5	51	43	99
4,000	31	244	58	302	(271)	10	297	103	401	(391)	21	53	45	119
4,500	68	239	53	293	(225)	34	293	98	391	(356)	34	53	45	132
5,000	107	234	48	283	(176)	72	288	93	381	(310)	36	53	45	134
6,000	190	224	38	263	(73)	152	278	83	361	(209)	37	53	45	135
7,000	276	214	28	243	33	237	268	73	341	(104)	39	53	45	137
8,000	366	204	18	223	143	325	258	63	321	4	41	53	45	139
9,000	456	194	8	203	254	414	248	53	301	113	42	53	45	141
10,000	554	184	0	184	370	506	238	43	281	225	48	53	43	145
12,000	759	164	0	164	595	702	218	23	241	461	57	53	23	134
15,000	1,095	150	0	150	945	1,026	188	0	188	839	68	38	0	106
20,000	1,778	150	0	150	1,628	1,656	175	0	175	1,481	122	25	0	147
25,000	2,522	150	0	150	2,372	2,397	175	0	175	2,222	125	25	0	150
50,000	6,682	150	0	150	6,532	6,430	175	0	175	6,255	252	25	0	277
100,000	16,373	150	0	150	16,223	16,006	175	0	175	15,831	368	25	0	393

*Assumes all income is from wages and salaries. For 1975, it is proposed that the provincial personal income tax rate will be 40.0% and the municipal rate 2.0%. All above calculations use a combined 42.5% rate.

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

(2) Based on the 1974 basic exemption of \$1,706 and the married exemption of \$1,492.

(3) Based on the 1975 basic exemption of \$1,878 and the married exemption of \$1,644.

(4) Provincial income tax savings result from the indexation of tax exemptions and tax brackets under the federal income tax system. This reduces "basic federal tax" upon which the provincial personal income tax is applied.

NOTE: Figures may not add due to rounding.

TABLE III

COMPARISON OF PROVINCIAL INCOME TAX PAYABLE*
BEFORE AND AFTER MANITOBA PROPERTY AND COST OF LIVING TAX CREDITS
(1974 vs 1975)
SINGLE TAXPAYER - NO DEPENDANTS

Gross Income \$	1 9 7 4					1 9 7 5					Change 1975 Over 1974			
	Provincial Income Tax Before Credits \$	Property Tax Credit(1) \$	Cost of Living Tax Credit(2) \$	Total Credits \$	Provincial Income Tax After Credits \$	Provincial Income Tax Before Credits \$	Property Tax Credit(1) \$	Cost of Living Tax Credit(3) \$	Total Credits \$	Provincial Income Tax After Credits \$	Provincial Income Tax Savings(4) \$	Property Tax Credit Increase \$	Cost of Living Tax Credit Increase \$	Total Savings \$
1,800	0	250	34	284	(284)	0	300	56	356	(356)	0	50	22	72
2,000	7	249	33	281	(275)	0	300	56	356	(356)	7	51	24	82
2,200	17	247	31	278	(261)	6	298	55	353	(347)	11	52	24	86
2,500	34	244	28	272	(238)	17	296	52	347	(330)	17	52	24	92
3,000	71	239	23	262	(191)	49	291	47	338	(289)	22	52	24	98
3,500	110	234	18	252	(142)	87	286	42	328	(241)	23	52	24	99
4,000	149	229	13	243	(93)	126	281	37	318	(192)	23	52	24	99
4,500	190	224	9	233	(43)	166	276	32	209	(143)	24	52	24	100
5,000	231	220	4	223	8	207	271	28	299	(92)	24	52	24	100
6,000	320	210	0	210	111	293	261	18	279	14	27	52	18	97
7,000	410	200	0	200	210	382	251	8	259	123	27	52	8	87
8,000	505	190	0	190	315	472	241	0	241	230	33	52	0	85
9,000	602	180	0	180	423	569	231	0	231	338	33	52	0	85
10,000	705	170	0	170	536	667	221	0	221	446	38	52	0	90
12,000	922	150	0	150	772	877	201	0	201	675	45	51	0	96
15,000	1,288	150	0	150	1,138	1,215	175	0	175	1,040	73	25	0	98
20,000	2,000	150	0	150	1,850	1,897	175	0	175	1,722	103	25	0	128
25,000	2,744	150	0	150	2,594	2,641	175	0	175	2,466	103	25	0	128
50,000	6,954	150	0	150	6,804	6,730	175	0	175	6,555	224	25	0	249
100,000	16,671	150	0	150	16,521	16,334	175	0	175	16,159	337	25	0	362

*Assumes all income is from wages and salaries. For 1975, it is proposed that the provincial personal income tax rate will be 40.5% and the municipal rate 2.0%. All above calculations use a combined 42.5% rate.

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

(2) Based on the 1974 basic exemption of \$1,706.

(3) Based on the 1975 basic exemption of \$1,878.

(4) Provincial income tax savings result from the indexation of tax exemptions and tax brackets under the federal income tax system. This reduces "basic federal tax" upon which the provincial personal income tax is applied.

NOTE: Figures may not add due to rounding.

APPENDIX C — PAPER II
COMPARISON OF YEARLY PROVINCIAL TAX LIABILITIES UNDER FORMER
GOVERNMENT IN 1969 AND PRESENT GOVERNMENT IN 1973 AND 1975

TABLE I

COMPARISON OF YEARLY PROVINCIAL TAX LIABILITIES -
 FORMER GOVERNMENT IN 1969 AND PRESENT GOVERNMENT IN 1973 AND 1975

(DOLLARS)

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

Yearly Gross Income	Taxes under Former Government (1969)			Taxes under Present Government (1973)				Tax Savings 1973 Over 1969	Taxes Under Present Government (1975 - After 1975 Budget)					Tax Savings 1975 Over 1973	Tax Savings 1975 Over 1969
	Personal Income Tax (33%)	Health Insurance Premiums	Total Taxes	Personal Income Tax (42.5%)	Health Insurance Premiums	Property Tax Credit ⁽¹⁾	Total Taxes		Personal Income Tax (42.5%)	Health Insurance Premiums	Property Tax Credit ⁽¹⁾	Cost of Living Tax Credit	Total Taxes		
2,000	0	204	204	0	0	200	(200)	404	0	0	300	127	(427)	227	631
4,000	50	204	254	11	0	198	(187)	441	0	0	300	127	(427)	240	681
6,000	158	204	362	164	0	179	(15)	377	95	0	285	112	(302)	287	664
8,000	296	204	500	339	0	159	180	320	262	0	265	92	(95)	275	595
10,000	459	204	663	527	0	139	388	275	440	0	245	72	123	265	540
12,000	647	204	851	732	0	119	613	238	633	0	225	52	356	257	495
15,000	987	204	1,191	1,072	0	100	972	219	946	0	195	22	729	243	462
20,000	1,685	204	1,889	1,767	0	100	1,667	222	1,564	0	175	0	1,389	278	500
50,000	6,628	204	6,832	6,729	0	100	6,629	203	6,306	0	175	0	6,131	498	701

* All income is from wages and salaries.

Parentheses () indicate negative numbers.

(1) Property Tax Credits shown assume sufficient property taxes or rental equivalents to qualify for these benefit levels.

NOTE: ALTHOUGH INDIVIDUAL AND FAMILY INCOMES HAVE GENERALLY INCREASED SUBSTANTIALLY SINCE 1969 AND 1973, THUS MOVING PEOPLE INTO HIGHER TAX BRACKETS," THE FACT REMAINS THAT THE PROVINCIAL TAXES PAYABLE AT ALL INCOME LEVELS IN 1975 ARE LOWER THAN THEY WOULD HAVE BEEN HAD THE 1969 OR 1973 TAX SYSTEMS REMAINED IN EFFECT.

TABLE II

COMPARISON OF YEARLY PROVINCIAL TAX LIABILITIES -
FORMER GOVERNMENT IN 1969 AND PRESENT GOVERNMENT IN 1973 AND 1975

(DOLLARS)

Married Couple (Married Taxfiler, Dependant Spouse)*

Yearly Gross Income	Taxes under Former Government (1969)			Taxes under Present Government (1973)				Tax Savings 1973 Over 1969	Taxes Under Present Government (1975 - After 1975 Budget)					Tax Savings 1975 Over 1973	Tax Savings 1975 Over 1969
	Personal Income Tax (33%)	Health Insurance Premiums	Total Taxes	Personal Income Tax (42.5%)	Health Insurance Premiums	Property Tax Credit ⁽¹⁾	Total Taxes		Personal Income Tax (42.5%)	Health Insurance Premiums	Property Tax Credit ⁽¹⁾	Cost of Living Tax Credit	Total Taxes		
2,000	0	204	204	0	0	200	(200)	404	0	0	300	106	(406)	206	610
4,000	78	204	282	53	0	192	(139)	421	10	0	297	103	(390)	251	672
6,000	195	204	399	215	0	173	42	357	152	0	278	83	(209)	251	608
8,000	340	204	544	392	0	153	239	305	325	0	258	63	4	235	540
10,000	510	204	714	585	0	133	452	262	506	0	238	43	225	227	489
12,000	706	204	910	796	0	113	683	227	702	0	218	23	461	222	449
15,000	1,066	204	1,270	1,151	0	100	1,051	219	1,026	0	188	0	838	213	432
20,000	1,774	204	1,978	1,856	0	100	1,756	222	1,656	0	175	0	1,481	275	497
50,000	6,737	204	6,941	6,837	0	100	6,737	204	6,430	0	175	0	6,255	482	686

* All income is from wages and salaries.
Parentheses () indicate negative numbers.

(1) Property Tax Credits shown assume sufficient property taxes or rental equivalents to qualify for these benefit levels.

NOTE: ALTHOUGH INDIVIDUAL AND FAMILY INCOMES HAVE GENERALLY INCREASED SUBSTANTIALLY SINCE 1969 AND 1973, THUS MOVING PEOPLE INTO HIGHER "TAX BRACKETS," THE FACT REMAINS THAT THE PROVINCIAL TAXES PAYABLE AT ALL INCOME LEVELS IN 1975 ARE LOWER THAN THEY WOULD HAVE BEEN HAD THE 1969 OR 1973 TAX SYSTEMS REMAINED IN EFFECT.

TABLE III

COMPARISON OF YEARLY PROVINCIAL TAX LIABILITIES -
FORMER GOVERNMENT IN 1969 AND PRESENT GOVERNMENT IN 1973 AND 1975

(DOLLARS)

Single Person (Single Taxfiler, No Dependants) *

Yearly Gross Income	Taxes under Former Government (1969)			Taxes under Present Government (1973)				Tax Savings 1973 Over 1969	Taxes Under Present Government (1975 - After 1975 Budget)					Tax Savings 1975 Over 1973	Tax Savings 1975 Over 1969
	Personal Income Tax (33%)	Health Insurance Premiums	Total Taxes	Personal Income Tax (42.5%)	Health Insurance Premiums	Property Tax Credit(1)	Total Taxes		Personal Income Tax (42.5%)	Health Insurance Premiums	Property Tax Credit(1)	Cost of Living Tax Credit	Total Taxes		
2,000	33	172	135	15	0	198	(123)	312	0	0	300	56	(356)	173	491
4,000	133	102	235	166	0	178	(12)	247	126	0	281	37	(192)	180	427
6,000	267	102	369	339	0	159	180	189	293	0	261	18	14	166	355
8,000	424	102	526	527	0	139	388	138	472	0	241	0	231	157	295
10,000	607	102	709	732	0	119	613	96	667	0	221	0	446	167	263
12,000	820	102	922	954	0	100	854	68	877	0	201	0	676	178	246
15,000	1,198	102	1,300	1,335	0	100	1,235	65	1,215	0	175	0	1,040	195	260
20,000	1,922	102	2,024	2,064	0	100	1,964	60	1,897	0	175	0	1,722	242	302
50,000	6,918	102	7,020	7,093	0	100	6,993	27	6,730	0	175	0	6,555	438	465

* All income is from wages and salaries.
Parentheses () indicate negative numbers.

(1) Property Tax Credits shown assume sufficient property taxes or rental equivalents to qualify for these benefit levels.

NOTE: ALTHOUGH INDIVIDUAL AND FAMILY INCOMES HAVE GENERALLY INCREASED SUBSTANTIALLY SINCE 1969 AND 1973, THUS MOVING PEOPLE INTO HIGHER "TAX BRACKETS," THE FACT REMAINS THAT THE PROVINCIAL TAXES PAYABLE AT ALL INCOME LEVELS IN 1975 ARE LOWER THAN THEY WOULD HAVE BEEN HAD THE 1969 OR 1973 TAX SYSTEMS REMAINED IN EFFECT.

APPENDIX C – PAPER III
IMPACT OF THE 1975 MANITOBA PROPERTY TAX CREDIT AND
COST OF LIVING TAX CREDIT PLANS ON
PROVINCIAL INCOME TAX PAYABLE BY SELECTED TAXABLE INCOME LEVELS

TABLE I

IMPACT OF THE 1975
 MANITOBA PROPERTY TAX CREDIT AND COST OF LIVING TAX CREDIT PLANS
 ON MANITOBA PERSONAL INCOME TAX PAYABLE BY SELECTED TAXABLE INCOME LEVELS
 MARRIED TAXPAYER – 2 DEPENDANTS UNDER AGE 16

(Dollars)					
Taxable Income	Manitoba Personal Income Tax	Property Tax Credit (1)	Cost of Living Tax Credit (2)	Total Credits	Manitoba Personal Income Tax After Credits
0	0	300	127	427	(427)
500	19	295	122	417	(398)
1,000	54	290	117	407	(353)
1,500	93	285	112	397	(304)
2,000	134	280	107	387	(253)
2,500	175	275	102	377	(202)
3,000	218	270	97	367	(149)
3,500	260	265	92	357	(97)
4,000	304	260	87	347	(43)
4,500	349	255	82	337	12
5,000	394	250	77	327	67
6,000	484	240	67	307	177
7,000	582	230	57	287	295
8,000	680	220	47	267	413
9,000	784	210	37	247	537
10,000	890	200	27	227	663
11,000	1,000	190	17	207	793
12,000	1,115	180	7	187	928
13,000	1,231	175	0	175	1,056
14,000	1,363	175	0	175	1,188
15,000	1,495	175	0	175	1,320

* All income is from wages and salaries.

- (1) Assumes sufficient property taxes or rental equivalents to qualify for these benefit levels.
- (2) Based on 1975 personal exemptions of \$1,878 basic, \$1,644 married and \$352 for dependants under age 16.

TABLE II

IMPACT OF THE 1975
 MANITOBA PROPERTY TAX CREDIT AND COST OF LIVING TAX CREDIT PLANS
 ON MANITOBA PERSONAL INCOME TAX PAYABLE BY SELECTED TAXABLE INCOME LEVELS
 MARRIED TAXPAYER - NO DEPENDANTS

(Dollars)

Taxable Income	Manitoba Personal Income Tax	Property Tax Credit (1)	Cost of Living Tax Credit (2)	Total Credits	Manitoba Personal Income Tax After Credits
0	0	300	106	406	(406)
500	19	295	101	396	(377)
1,000	54	290	96	386	(332)
1,500	93	285	91	376	(283)
2,000	134	280	86	366	(232)
2,500	175	275	81	356	(181)
3,000	218	270	76	346	(128)
3,500	260	265	71	336	(76)
4,000	304	260	66	326	(22)
4,500	349	255	61	316	33
5,000	394	250	56	306	88
6,000	484	240	46	286	198
7,000	582	230	36	266	316
8,000	680	220	26	246	434
9,000	784	210	16	226	558
10,000	890	200	6	206	684
11,000	1,000	190	0	190	810
12,000	1,115	180	0	180	935
13,000	1,231	175	0	175	1,056
14,000	1,363	175	0	175	1,188
15,000	1,495	175	0	175	1,320

* All income is from wages and salaries.

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

(2) Based on 1975 personal exemptions of \$1,878 basic and the \$1,644 married exemption.

TABLE III

IMPACT OF THE 1975
MANITOBA PROPERTY TAX CREDIT AND COST OF LIVING TAX CREDIT PLANS
ON MANITOBA PERSONAL INCOME TAX PAYABLE BY SELECTED TAXABLE INCOME LEVELS
SINGLE TAXPAYER

(Dollars)

Taxable Income	Manitoba Personal Income Tax	Property Tax Credit (1)	Cost of Living Tax Credit (2)	Total Credits	Manitoba Personal Income Tax After Credits
0	0	300	56	356	(356)
500	19	295	51	346	(327)
1,000	54	290	46	336	(282)
1,500	93	285	41	326	(233)
2,000	134	280	36	316	(182)
2,500	175	275	31	306	(131)
3,000	218	270	26	296	(78)
3,500	260	265	21	286	(26)
4,000	304	260	16	276	28
4,500	349	255	11	266	83
5,000	394	250	6	256	138
6,000	484	240	0	240	244
7,000	582	230	0	230	352
8,000	680	220	0	220	460
9,000	784	210	0	210	574
10,000	890	200	0	200	690
11,000	1,000	190	0	190	810
12,000	1,115	180	0	180	935
13,000	1,231	175	0	175	1,056
14,000	1,363	175	0	175	1,188
15,000	1,495	175	0	175	1,320

* All income is from wages and salaries.

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

(2) Based on 1975 personal exemptions of \$1,878.

APPENDIX C – PAPER IV

SUMMARY OF 1975 MANITOBA TAX CREDIT BENEFITS FOR SELECTED TAXPAYERS

April 24, 1975

TABLE 1

1975 MANITOBA TAX CREDIT BENEFITS FOR SELECTED TAXPAYERS BY GROSS INCOME

Gross Income \$	SINGLE TAXPAYER (1)			MARRIED TAXPAYER - NO DEPENDANTS (1)			MARRIED TAXPAYER - 2 DEPENDANTS UNDER AGE 16 (1)			MARRIED TAXPAYER OVER AGE 65 (2)		
	Property Tax Credit (3) \$	Cost of Living Tax Credit (4) \$	Total Benefits \$	Property Tax Credit (3) \$	Cost of Living Tax Credit (4) \$	Total Benefits \$	Property Tax Credit (3) \$	Cost of Living Tax Credit (4) \$	Total Benefits \$	Property Tax Credit (3) \$	Cost of Living Tax Credit (4) \$	Total Benefits \$
2,000	300.00	56.34	356.34	300.00	105.66	405.66	300.00	126.78	426.78	300.00	140.88	440.88
2,100	299.41	55.75	355.16	300.00	105.66	405.66	300.00	126.78	426.78	300.00	140.88	440.88
2,200	298.44	54.78	353.22	300.00	105.66	405.66	300.00	126.78	426.78	300.00	140.88	440.88
2,300	297.47	53.81	351.28	300.00	105.66	405.66	300.00	126.78	426.78	300.00	140.88	440.88
2,400	296.50	52.84	349.34	300.00	105.66	405.66	300.00	126.78	426.78	300.00	140.88	440.88
2,500	295.53	51.87	347.40	300.00	105.66	405.66	300.00	126.78	426.78	300.00	140.88	440.88
3,000	290.68	47.02	337.70	300.00	105.66	405.66	300.00	126.78	426.78	300.00	140.88	440.88
3,500	285.83	42.17	328.00	300.00	105.66	405.66	300.00	126.78	426.78	300.00	140.88	440.88
4,000	280.98	37.32	318.30	297.42	103.08	400.50	300.00	126.78	426.78	300.00	140.88	440.88
4,500	276.13	32.47	308.60	292.57	98.23	390.80	299.61	126.39	426.00	300.00	140.88	440.88
5,000	271.28	27.62	298.90	287.72	93.38	381.10	294.76	121.54	416.30	300.00	140.88	440.88
5,500	266.28	22.62	288.90	282.72	88.38	371.10	289.76	116.54	406.30	300.00	140.88	440.88
6,000	261.28	17.62	278.90	277.72	83.38	361.10	284.76	111.54	396.30	297.96	138.84	436.80
6,500	256.28	12.62	268.90	272.72	78.38	351.10	279.76	106.54	386.30	292.96	133.84	426.80
7,000	251.28	7.62	258.90	267.72	73.38	341.10	274.76	101.54	376.30	287.96	128.84	416.80
7,500	246.28	2.62	248.90	262.72	68.38	331.10	269.76	96.54	366.30	282.96	123.84	406.80
8,000	241.28	0	241.28	257.72	63.38	321.10	264.76	91.54	356.30	277.96	118.84	396.80
8,500	236.28	0	236.28	252.72	58.38	311.10	259.76	86.54	346.30	272.96	113.84	386.80
9,000	231.28	0	231.28	247.72	53.38	301.10	254.76	81.54	336.30	267.96	108.84	376.80
9,500	226.28	0	226.28	242.72	48.38	291.10	249.76	76.54	326.30	262.96	103.84	366.80
10,000	221.28	0	221.28	237.72	43.38	281.10	244.76	71.54	316.30	257.96	98.84	356.80
11,000	211.28	0	211.28	227.72	33.38	261.10	234.76	61.54	296.30	247.96	88.84	336.80
12,000	201.28	0	201.28	217.72	23.38	241.10	224.76	51.54	276.30	237.96	78.84	316.80
13,000	191.28	0	191.28	207.72	13.38	221.10	214.76	41.54	256.30	227.96	68.84	296.80
14,000	181.28	0	181.28	197.72	3.38	201.10	204.76	31.54	236.30	217.96	58.84	276.80
15,000	175.00	0	175.00	187.72	0	187.72	194.76	21.54	216.30	207.96	48.84	256.80
16,000	175.00	0	175.00	177.72	0	177.72	184.76	11.54	196.30	197.96	38.84	236.80
17,000	175.00	0	175.00	175.00	0	175.00	175.00	1.54	176.54	187.96	28.84	216.80
18,000	175.00	0	175.00	175.00	0	175.00	175.00	0	175.00	177.96	18.84	196.80
19,000	175.00	0	175.00	175.00	0	175.00	175.00	0	175.00	175.00	8.84	183.84
20,000	175.00	0	175.00	175.00	0	175.00	175.00	0	175.00	175.00	0	175.00

(1) All income is assumed to be from wages and salaries.

(2) All income is assumed to be pension income. The spouse is presumed to be under age 65.

(3) Assumes sufficient property taxes or rental equivalent for these benefit levels.

(4) Benefits are based on personal exemptions using the basic exemption of \$1,878, the married exemption of \$1,644, the dependant under 16 exemption of \$352 and the age exemption of \$1,174.

APPENDIX C - PAPER V A.

DETAILS OF THE EXPANDED
MANITOBA COST OF LIVING TAX CREDIT PLAN

Under the expanded Manitoba Cost of Living Tax Credit Plan, maximum benefit levels have been increased to 3% of the taxfiler's claim for personal exemptions. For 1975, maximum benefits are \$126.78 for a married taxfiler with two dependent children under 16 years of age, \$105.66 for married taxfilers where one spouse claims the other as a dependant, and \$56.34 for single taxfilers.

As under the 1974 plan, benefits are provided on a basis consistent with the ability-to-pay principle. Thus, the maximum benefit levels are reduced by 1% of the taxfiler's taxable income to determine the actual cost of living tax credit entitlement. Thus, those with larger families and larger exemptions are eligible for larger potential benefits. Those with no taxable incomes receive maximum benefits while those with higher taxable incomes and greater ability-to-pay receive smaller credits. In subsequent years, as personal exemptions are indexed to grow at the same rate as the Consumer Price Index, so will the maximum Cost of Living Tax Credit benefits.

In order to obtain benefits, the applicant must file an income tax return and Manitoba credit form. In general, all taxfilers qualify for credits except those under 16 years of age, those not resident in Manitoba for income tax purposes, and those claimed as a dependant by another taxfiler. Credit benefits will be received either in the form of a reduction in income taxes or in the form of a cheque - to be sent to eligible claimants on behalf of the Manitoba Government by the federal Department of National Revenue which administers the plan on behalf of the province.

Following are three tables which illustrate the assistance the Manitoba Cost of Living Tax Credit Plan will provide for Manitobans and, more particularly, its effectiveness in directing benefits to those in low and modest income ranges. Also following is an analysis of the impact of the Cost of Living Tax Credit Plan on the incidence of the Manitoba sales tax.

TABLE I

ESTIMATED ASSISTANCE PROVIDED BY THE
1975 MANITOBA COST OF LIVING TAX CREDIT PLAN TO
VARIOUS TYPICAL TAXPAYERS*

GROSS INCOME	SINGLE	MARRIED TAXPAYER	MARRIED TAXPAYER	MARRIED TAXPAYER
	TAXPAYER (1)	NO DEPENDANTS (1)	2 DEPENDANTS UNDER 16 (1)	OVER 65 - NO DEPENDANTS (2)
\$	\$	\$	\$	\$
2,000	56.34	105.66	126.78	140.88
2,100	55.75	105.66	126.78	140.88
2,200	54.78	105.66	126.78	140.88
2,300	53.81	105.66	126.78	140.88
2,400	52.84	105.66	126.78	140.88
2,500	51.87	105.66	126.78	140.88
2,700	49.93	105.66	126.78	140.88
3,000	47.02	105.66	126.78	140.88
3,500	42.17	105.66	126.78	140.88
4,000	37.32	103.08	126.78	140.88
4,500	32.47	98.23	126.39	140.88
5,000	27.62	93.38	121.54	140.88
5,500	22.62	88.38	116.54	140.88
6,000	17.62	83.38	111.54	138.84
6,500	12.62	78.38	106.54	133.84
7,000	7.62	73.38	101.54	128.84
7,500	2.62	68.38	96.54	123.84
8,000	0	63.38	91.54	118.84
8,500	0	58.38	86.54	113.84
9,000	0	53.38	81.54	108.84
9,500	0	48.38	76.54	103.84
10,000	0	43.38	71.54	98.84
11,000	0	33.38	61.54	88.84
12,000	0	23.38	51.54	78.84
13,000	0	13.38	41.54	68.84
14,000	0	3.38	31.54	58.84
15,000	0	0	21.54	48.84
16,000	0	0	11.54	38.84
17,000	0	0	1.54	28.84
18,000	0	0	0	18.84
19,000	0	0	0	8.84
20,000	0	0	0	0

*In calculating credit benefit levels, the 1975 exemption levels of \$1,878 single exemption, \$1,644 married exemption, \$352 dependant under 16 years of age exemption and \$1,174 age exemption were used.

(1) All income is assumed to be from wages and salaries.

(2) All income is assumed to be pension income.

The spouse is assumed to be under age 65.

TABLE II

AVAILABILITY OF BENEFITS UNDER THE 1975
MANITOBA COST OF LIVING TAX CREDIT PLAN
BY MARITAL STATUS AND INCOME CLASS*

Gross Income \$	Single Taxpayer ⁽¹⁾		Married Taxpayer ⁽¹⁾ No Dependants		Married Taxpayer ⁽²⁾ Two Dependants	
	Average Credit \$	% of This Group in This Class	Average Credit \$	% of This Group in This Class	Average Credit \$	% of This Group in This Class
Under 3,000	63.67	34.5	134.86	13.5	127.37	2.3
3,000 - 3,999	54.36	9.7	126.00	6.9	128.02	.8
4,000 - 4,999	44.15	7.7	124.83	7.2	119.29	2.2
5,000 - 5,999	31.74	8.8	118.24	8.3	120.11	4.3
6,000 - 6,999	23.06	8.4	109.79	7.0	109.71	4.6
7,000 - 7,999	14.40	6.1	94.40	7.0	102.94	4.3
8,000 - 8,999	7.19	4.7	79.31	6.5	88.50	4.3
9,000 - 9,999	3.90	3.9	64.85	6.0	79.78	5.0
10,000 - 10,999	2.45	3.4	56.35	5.3	73.09	5.1
11,000 - 11,999	1.65	2.8	48.85	4.9	62.10	6.1
12,000 - 14,999	.81	5.3	28.86	12.4	43.45	21.7
15,000 +	.66	4.7	7.46	15.0	8.96	39.3
		100.0		100.0		100.0

*This table was developed from 1973 income tax statistics which were adjusted to reflect 1975 income levels and to take into account income tax changes since 1973.

- (1) Average credit benefits are higher than the normal maximum for these groups due to the inclusion of pensioners who have higher entitlements.
- (2) Average credit benefits are higher than the normal maximum for this group due to the inclusion of dependants over age 16.

TABLE III

AVAILABILITY OF BENEFITS UNDER THE 1975
 MANITOBA COST OF LIVING TAX CREDIT PLAN
 BY INCOME CLASS FOR PENSIONERS, OVER 65'S AND FARMERS*

Gross Income \$	Pensioners ⁽¹⁾		Over 65's ⁽²⁾		Farmers ⁽³⁾	
	Average Credit \$	% of This Group in This Class	Average Credit \$	% of This Group in This Class	Average Credit \$	% of This Group in This Class
Under 3,000	98.14	64.1	100.30	46.8	88.91	19.3
3,000 - 3,999	101.62	10.6	106.69	11.2	91.97	7.9
4,000 - 4,999	111.58	6.1	114.87	7.8	100.55	9.2
5,000 - 5,999	108.87	5.3	114.18	7.3	104.25	9.4
6,000 - 6,999	107.90	3.9	105.64	6.1	98.83	7.9
7,000 - 7,999	103.84	3.3	94.56	4.5	89.52	6.7
8,000 - 8,999	87.39	2.1	87.37	3.4	75.40	5.4
9,000 - 9,999	75.53	1.0	84.22	2.3	74.91	4.2
10,000 - 10,999	77.92	.9	79.23	1.7	63.91	4.5
11,000 - 11,999	75.35	.7	76.50	1.7	65.44	3.0
12,000 - 14,999	44.87	1.2	57.34	2.8	46.26	7.3
15,000 +	10.40	.8	19.04	4.4	16.30	15.2
		100.0		100.0		100.0

*This table was developed from 1973 income tax statistics which were adjusted to reflect 1975 income levels and to take into account income tax changes since 1973.

- (1) "Pensioners" includes only those persons who filed a personal income tax return in 1973 and whose principal source of income was pension income.
- (2) "Over 65's" includes only those persons over 65 years of age who filed a personal income tax return in 1973.
- (3) "Farmers" includes only those persons who filed a personal income tax return in 1973 and whose principal source of income was from farming.

APPENDIX C - PAPER V B.

**IMPACT OF THE MANITOBA COST OF LIVING TAX CREDIT PLAN ON
THE INCIDENCE OF THE MANITOBA SALES TAX**

Table I shows the incidence of the Manitoba sales tax by income class (1) and the changes in incidence resulting from the 1975 Manitoba Cost of Living Tax Credit Plan.

The data indicate that the sales tax is somewhat progressive at very low income levels - reflecting the impact of exemptions for basic essentials such as food and accommodation and the fact that low income families have very little income remaining after purchasing these basic essentials to spend on taxable commodities or services. However, from the \$5,000 level upwards, the data suggest a reverse trend; generally, the percentage of income allocated to sales tax declines as income rises.

The information contained in Table I on the impact of the Cost of Living Tax Credit Plan illustrates the success of the credits in blunting regressivity in the sales tax. In fact, the incidence of the sales tax after deducting the Cost of Living Tax Credit appears to be progressive over most income classes up to the \$12,000 - \$14,999 class.

(1) The sales tax incidence information was derived from unpublished expenditure data for Winnipeg families and unattached individuals obtained from Statistics Canada's 1972 Family Expenditure Survey.

TABLE I

IMPACT OF COST OF LIVING TAX CREDITS ON
THE INCIDENCE OF THE SALES TAX*

INCOME CLASS	AVERAGE SALES TAX ⁽¹⁾	AVERAGE INCOME ⁽¹⁾	AVERAGE SALES TAX AS A % OF AVERAGE INCOME	AVERAGE CREDIT BENEFITS ⁽²⁾	SALES TAX AFTER CREDITS	SALES TAX AFTER CREDITS AS % OF INCOME
\$	\$	\$	%	\$	\$	%
UNDER 4,000	30.15	2,355.80	1.280	68.31	(38.16) ⁽³⁾	(1.620) ⁽³⁾
4,000 - 4,999	60.35	4,435.20	1.361	60.92	(.57) ⁽³⁾	(.001) ⁽³⁾
5,000 - 5,999	90.00	5,488.90	1.640	50.75	39.25	.072
6,000 - 6,999	105.91	6,548.30	1.617	43.19	62.72	.958
7,000 - 7,999	105.91	7,479.60	1.416	40.30	65.61	.877
8,000 - 8,999	133.24	8,425.20	1.581	34.56	98.68	1.171
9,000 - 9,999	128.79	9,491.80	1.357	33.33	95.46	1.006
10,000 - 11,999	150.11	11,005.00	1.364	28.31	121.80	1.107
12,000 - 14,999	185.12	13,397.70	1.382	21.59	163.53	1.221
15,000 - 19,999	208.94	17,064.40	1.224	12.08	196.86	1.154
20,000 - 24,999	240.01	21,858.70	1.098	3.86	236.15	1.080
25,000 AND OVER	414.22	35,285.40	1.174	.74	413.48	1.172
ALL CLASSES	137.01	9,816.00	1.396	43.58	93.43	.952

*Retail Sales Tax Act and Revenue Act 1964, Part I.

(1) Derived from unpublished Statistics Canada 1972 Family Expenditure Survey for Winnipeg.

(2) Derived from computer simulation of 1975 Cost of Living Tax Credit Plan applied to 1973 Income Tax Returns adjusted to reflect 1975 income and exemption levels.

(3) Credit benefits exceed sales tax.

APPENDIX C — PAPER VI A.

DETAILS OF THE EXPANDED MANITOBA PROPERTY TAX CREDIT PLAN

Under the expanded Manitoba Property Tax Credit Plan, maximum benefits have been increased to \$300 for 1975 from \$250 for 1974 and minimum benefits have been increased to \$175 for 1975 from \$150 for 1974.

As in previous years, benefits within this range are calculated under a formula which relates the size of benefits to ability-to-pay. Thus, a person's maximum potential entitlement is reduced by 1% of his/her taxable income - or one dollar for each \$100 in taxable income - to the general minimum entitlement of \$175. Thus, while those with higher taxable incomes are eligible for smaller benefits, the general minimum of \$175 ensures that this level of assistance is made available to all eligible Manitobans.

In order to ensure that no taxfiler receives more in property tax credit than was paid in property taxes (which for tenants is deemed to be 20% of rent) credit benefits may not exceed the taxfiler's total property tax burden. Of course, in all such cases where the potential credit entitlement is greater than the actual property tax burden, the credit completely offsets the property tax burden.

Benefits under the Manitoba Property Tax Credit Plan are made available in two ways:

- (1) Through the income tax system. Benefits may be obtained by filing a 1975 income tax return and Manitoba credit form. In this case, credit benefits will be received either in the form of a reduction in income taxes or in the form of a cheque - to be sent to eligible claimants by the federal Department of National Revenue on behalf of the province.
- (2) Through the property tax system. Resident owners of single dwelling units are entitled to receive the general minimum credit benefit of \$175 as a reduction - called Manitoba Government Property Tax Credit-Resident Homeowner Advance - on their property tax statements. This payment is part of the recipient's total property tax credit entitlement. Any remaining or net property tax credit entitlement may be claimed by filing a 1975 income tax return and Manitoba credit form.

All individuals resident in the province at the end of the current taxation year may claim a 1975 property tax credit except:

- those under the age of 16;
- those living in the home of and claimed as a dependant by another taxfiler;
- those with no property tax burdens.

In the case of married couples, the property tax credit may be claimed only by the spouse with the higher taxable income.

Following are three tables which illustrate the benefits made available under the expanded Manitoba Property Tax Credit Plan and their distribution. Also following is an analysis of the effects of the 1973 Manitoba Property Tax Credit Plan.

TABLE I

ESTIMATED ASSISTANCE PROVIDED BY THE
1975 MANITOBA PROPERTY TAX CREDIT PLAN TO
VARIOUS TYPICAL TAXPAYERS*

GROSS INCOME	SINGLE TAXPAYER(1)	MARRIED TAXPAYER NO DEPENDANTS(1)	MARRIED TAXPAYER 2 DEPENDANTS UNDER 16(1)	MARRIED TAXPAYER OVER 65 - NO DEPENDANTS (2)
\$	\$	\$	\$	\$
2,000	300.00	300.00	300.00	300.00
2,100	299.41	300.00	300.00	300.00
2,200	298.44	300.00	300.00	300.00
2,300	297.47	300.00	300.00	300.00
2,400	296.50	300.00	300.00	300.00
2,500	295.53	300.00	300.00	300.00
2,700	293.59	300.00	300.00	300.00
3,000	290.68	300.00	300.00	300.00
3,500	285.83	300.00	300.00	300.00
4,000	280.98	297.42	300.00	300.00
4,500	276.13	292.57	299.61	300.00
5,000	271.28	287.72	294.76	300.00
5,500	266.28	282.72	289.76	300.00
6,000	261.28	277.72	284.76	297.96
6,500	256.28	272.72	279.76	292.96
7,000	251.28	267.72	274.76	287.96
7,500	246.28	262.72	269.76	282.96
8,000	241.28	257.72	264.76	277.96
8,500	236.28	252.72	259.76	272.96
9,000	231.28	247.72	254.76	267.96
9,500	226.28	242.72	249.76	262.96
10,000	221.28	237.72	244.76	257.96
11,000	211.28	227.72	234.76	247.96
12,000	201.28	217.72	224.76	237.96
13,000	191.28	207.72	214.76	227.96
14,000	181.28	197.72	204.76	217.96
15,000	175.00	187.72	194.76	207.96
16,000	175.00	177.72	184.76	197.96
17,000	175.00	175.00	175.00	187.96
18,000	175.00	175.00	175.00	177.96
19,000	175.00	175.00	175.00	175.00
20,000	175.00	175.00	175.00	175.00

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

(1) All income is assumed to be from wages and salaries.

(2) All income is assumed to be pension income.
The spouse is assumed to be under age 65.

TABLE II

AVAILABILITY OF BENEFITS UNDER THE 1975
MANITOBA PROPERTY TAX CREDIT PLAN
BY MARITAL STATUS AND INCOME CLASS *

GROSS INCOME \$	SINGLE TAXPAYER (1)		MARRIED TAXPAYER (1) NO DEPENDANTS		MARRIED TAXPAYER (2) 2 DEPENDANTS	
	AVERAGE CREDIT \$	% OF THIS GROUP IN THIS CLASS	AVERAGE CREDIT \$	% OF THIS GROUP IN THIS CLASS	AVERAGE CREDIT \$	% OF THIS GROUP IN THIS CLASS
Under 3,000	299.10	34.5	299.97	13.5	300.00	2.3
3,000 - 3,999	290.13	9.7	299.35	6.9	300.00	.8
4,000 - 4,999	281.63	7.7	295.20	7.2	295.58	2.2
5,000 - 5,999	271.67	8.8	290.23	8.3	291.56	4.3
6,000 - 6,999	263.08	8.4	284.54	7.0	283.15	4.6
7,000 - 7,999	254.13	6.1	273.93	7.0	274.20	4.3
8,000 - 8,999	245.27	4.7	264.66	6.5	263.33	4.3
9,000 - 9,999	235.76	3.9	253.37	6.0	254.90	5.0
10,000 - 10,999	227.30	3.4	243.98	5.3	246.47	5.1
11,000 - 11,999	217.50	2.8	236.15	4.9	236.62	6.1
12,000 - 14,999	203.25	5.3	217.59	12.4	219.08	21.7
15,000 - 19,999	175.00	3.0	186.94	7.8	184.38	23.5
20,000 +	175.00	1.7	175.00	7.2	175.00	15.8
		100.0		100.0		100.0

* This table was developed from 1973 income tax statistics which were adjusted to reflect 1975 income levels and to take into account income tax changes since 1973. All examples assume sufficient property taxes or rental equivalents to qualify for these benefit levels.

- (1) Average credit benefits are higher than might be expected due to the inclusion of pensioners who have higher entitlements.
- (2) Average credit benefits are higher than might be expected due to the inclusion of dependants over age 16.

TABLE III

AVAILABILITY OF BENEFITS UNDER THE 1975
MANITOBA PROPERTY TAX CREDIT PLAN
BY INCOME CLASS FOR PENSIONERS, OVER 65'S AND FARMERS*

Gross Income \$	Pensioners ⁽¹⁾		Over 65's ⁽²⁾		Farmers ⁽³⁾	
	Average Credit \$	% of This Group in This Class	Average Credit \$	% of This Group in This Class	Average Credit \$	% of This Group in This Class
Under 3,000	299.97	64.1	299.98	46.8	299.50	19.3
3,000 - 3,999	299.77	10.6	299.79	11.2	294.12	7.9
4,000 - 4,999	297.68	6.1	297.24	7.8	291.38	9.2
5,000 - 5,999	293.99	5.3	292.84	7.3	286.92	9.4
6,000 - 6,999	289.70	3.9	286.49	6.1	280.99	7.9
7,000 - 7,999	281.12	3.3	277.62	4.5	272.23	6.7
8,000 - 8,999	272.28	2.1	269.18	3.4	262.31	5.4
9,000 - 9,999	262.58	1.0	261.72	2.3	254.59	4.2
10,000 - 10,999	256.20	.9	252.77	1.7	244.63	4.5
11,000 - 11,999	246.89	.7	245.44	1.7	237.65	3.0
12,000 - 14,999	227.10	1.2	228.96	2.8	219.73	7.3
15,000 - 19,999	194.08	.5	193.70	2.2	189.53	7.0
20,000 +	175.00	.3	175.00	2.2	175.00	8.2
		100.0		100.0		100.0

*This table was developed from 1973 income tax statistics which were adjusted to reflect 1975 income levels and to take into account income tax changes since 1973. All examples assume sufficient property taxes or rental equivalents to qualify for these benefit levels.

- (1) "Pensioners" includes only those persons who filed a personal income tax return in 1973 whose principal source of income was pension income.
- (2) "Over 65's" includes only those persons over age 65 who filed personal income tax returns in 1973.
- (3) "Farmers" includes only those who filed personal income tax returns in 1973 whose principal source of income was from farming.

APPENDIX C — PAPER VI B.

EFFECTS OF THE 1973 MANITOBA PROPERTY TAX CREDIT PLAN

INTRODUCTION:

The 1973 Manitoba Budget Address provided for a major expansion in the Manitoba Education Property Tax Credit Plan introduced in 1972. The scope of the Plan was broadened to provide a tax credit based on all property taxes (20% of rent for tenants), not just education taxes (10% of rent for tenants) and maximum and minimum benefits were increased significantly under the formula \$200 minus 1% of taxable income, to a general minimum of \$100.⁽¹⁾ Thus, as taxable income and ability-to-pay increase, the credit entitlement declines to the \$100 general minimum.

The other major change in the Property Tax Credit Plan for 1973 was the establishment of the Resident Homeowner Advance mechanism under which the general minimum credit benefit of \$100 was made available directly to resident homeowners of single dwelling units as a reduction on their property tax statements. Resident homeowners were permitted to claim any additional or net property tax credit benefits by completing Manitoba Property Tax Credit Application Forms with their 1973 personal income tax returns.

DISTRIBUTION OF BENEFITS

According to preliminary data obtained from National Revenue, some 308,180 income taxfilers were recorded as credit recipients,⁽²⁾ receiving total benefits of \$43.5 million. An additional \$4 million in property tax credits went to individuals who apparently received their full credit entitlement through the Resident Homeowner Advance (\$100 or less) and did not complete the Manitoba Property Tax Credit Application Form. Unfortunately, these individuals and their credits are not recorded in the data from National Revenue. However, at least 15,000 more people received property tax credit benefits through the income tax system in 1973 than in 1972. This underscores the impact of broadening the base of the plan to include all property taxes in extending eligibility for benefits.

Average credit benefits (including the Advance) to credit-claiming filers in 1973 were \$141, an increase of \$59, or 72% over the \$82 average under the 1972 Education Property Tax Credit Plan.

(1) The 1972 Education Property Tax Credit Plan delivered benefits under the formula \$140 minus 1% of taxable income to a general minimum of \$50.

(2) Of these 308,180, some 173,949 represented having received a Resident Homeowner Advance - 13,234 of which received their full property tax credit entitlement through the Resident Homeowner Advance and consequently did not receive additional benefits through the income tax system.

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Total benefits provided through the income tax system under the 1973 Property Tax Credit Plan amounted to approximately \$30 million, which in addition to the Resident Homeowner Advance payments of \$17.5 million indicates that total benefits of \$47.5 million were made available under the 1973 Plan, almost double the \$24 million made available under the 1972 Plan.

As well as generating significant additional benefits in total and on the average, the 1973 Plan was also quite successful in concentrating greater benefits on moderate income groups. Table I⁽¹⁾ shows the marked success of the Plan in this regard. With the exception of the first class, the average property tax credit declines as income rises:

- \$148 in the "Under \$2,000 class",
- \$154 in the "\$2,000 - \$4,999 class",
- \$151 in the "\$5,000 - \$7,999 class",
- \$134 in the "\$8,000 - \$11,999 class",
- \$108 in the "\$12,000 - \$19,999 class", and
- \$101 in the "Over \$20,000 class."

Table I also indicates the impact of the 1973 Plan in alleviating the regressive impact of the property tax. Average property tax credit benefits of taxfilers recording benefits under the 1973 Plan range from 77.1% of average property taxes in the "Under \$2,000 class" to 14.7% of average property taxes in the "Over \$20,000 class".

CONCLUSION

- (1) The major revisions to the Property Tax Credit Plan for 1973 - extending the base to include all property taxes and increasing maximum and minimum benefits - broadened the scope of the Plan significantly in terms of numbers of people eligible for credit benefits, and raised the average level of benefits. More than 308,000 people⁽²⁾ received benefits averaging \$141 under the 1973 Plan as compared with 293,000 receiving an average of \$82 under the 1972 Plan.
- (2) The 1973 Property Tax Credit Plan was extremely successful in providing benefits on a basis consistent with the principle of ability-to-pay. This is reflected not only in the average credit benefits accruing to the various income classes but also in the high proportion of property taxes offset by the credit benefits in the various income classes - 77.1% in the under \$2,000 class, 52.3% on average, and 14.7% in the \$20,000 and over class.

⁽¹⁾ It should be noted that Table I is based on credit recipients recorded in National Revenue's preliminary statistics. It does not include information on the additional people who received benefits through the Resident Homeowner Advance Mechanism and who did not complete the Manitoba Property Tax Credit Application Form with their income tax returns.

⁽²⁾ This does not include people who received benefits through the resident homeowner advance mechanism and who did not complete the Manitoba Property Tax Credit application form with their income tax returns.

TABLE I

CREDIT CLAIMING FILERS ⁽¹⁾ IN 1973 - SELECTED STATISTICS

<u>INCOME CLASS</u> \$	<u>NUMBER OF RETURNS</u> ⁽¹⁾	<u>AVERAGE TOTAL INCOME</u> \$	<u>AVERAGE GROSS PROPERTY TAXES</u> \$	<u>AVERAGE GROSS PROPERTY TAXES AS A % OF AVERAGE TOTAL INCOME</u> %	<u>AVERAGE PROPERTY TAX CREDIT</u> \$	<u>AVERAGE PROPERTY TAX CREDIT AS A % OF AVERAGE GROSS PROPERTY TAXES</u> %	<u>AVERAGE NET PROPERTY TAXES (IF. AFTER DEDUCTING AVERAGE PROPERTY TAX CREDIT)</u> \$	<u>AVERAGE NET PROPERTY TAXES AS A % OF AVERAGE TOTAL INCOME</u> %
Under 2,000	42,487	1,045	192	18.3	148	77.1	44	4.2
2,000 - 4,999	69,052	3,567	225	6.3	154	68.4	71	2.0
5,000 - 7,999	74,392	6,466	262	4.1	151	57.6	111	1.7
8,000 - 11,999	78,014	9,738	366	3.8	134	36.6	232	2.4
12,000 - 19,999	37,333	1,442	459	3.2	108	23.5	351	2.4
20,000 AND OVER	6,902	30,650	687	2.2	101	14.7	586	1.9
ALL CLASSES	308,180	5,830	304	6.3	141	52.3	163	2.4

⁽¹⁾ No information is available on the people who received credit benefits through the Resident Homeowner Advance, and who did not complete the Property Tax Credit form with their income tax returns. Accordingly, these people are not included in the table.

APPENDIX D
ADMINISTRATIVE GUIDELINES FOR THE PROPOSED
PROVINCIAL-MUNICIPAL "GROWTH TAX" SHARING ARRANGEMENTS

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PROVINCIAL-MUNICIPAL "GROWTH TAX" SHARING ARRANGEMENTS

The proposed provincial-municipal "growth tax" sharing arrangements would be subject to the following general conditions:

1. Municipally-set "surtaxes" or extra rates would ordinarily be applied at the same level province-wide on top of any existing provincial tax, subject to limitations which may be set by the provincial government from time to time. The province-wide application of any municipal "growth tax" would ensure equity and would discourage artificial inter-municipal tax competition. In certain cases, however, where, by the nature of the proposed municipal tax, there is little likelihood of inter-municipal tax competition, or where there are readily-identifiable tax revenues within a municipality, the provincial government would be prepared to consider authorizing individual municipalities to levy special taxes.
2. The provincial government would undertake to collect the extra municipally-set taxes on a uniform basis across the province and remit the resulting revenues to the municipalities on the basis of a formula to be determined in consultation with municipal representatives.
3. The dates on which the new taxes would take effect would be determined jointly by the municipalities and the province. The dates would be subject to the province's administrative requirements and, where necessary, to procedures under existing federal-provincial income tax collection agreements.

APPENDIX E

RECENT DEVELOPMENTS IN FEDERAL-PROVINCIAL FINANCIAL RELATIONS

FOLLOWING IS A BRIEF OUTLINE OF SOME OF THE MATTERS CURRENTLY UNDER NEGOTIATION IN THE FIELD OF FEDERAL-PROVINCIAL RELATIONS:

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

The current Federal-Provincial Fiscal Arrangements Act - the legislation governing the equalization formula, the income tax revenue guarantee arrangements, and the post-secondary education support program - is scheduled to expire at the end of March, 1977.

EQUALIZATION

At the present time, the federal government has amending legislation before Parliament which would limit the amount of equalization payable to provincial governments in respect of the recent increases in revenues received by the major oil and gas-producing provinces. This amendment represents a fundamental change in the equalization principle embodied in the present legislation. Its effect would be to reduce the potential equalization payments to Manitoba for 1975/76 by between \$30 million and \$40 million, and to widen the already-large fiscal capacity disparities among the so-called "have" and "have not" provinces.

The federal government has served notice that it may extend this type of limit in future equalization arrangements, and that it may even be considering the introduction of an entirely new equalization formula in 1977. Since equalization receipts represent approximately 10% of our budgetary revenues, we regard the upcoming negotiations as being extremely important.

THE INCOME TAX REVENUE GUARANTEE

The revenue estimates for 1975/76 contain an amount of \$30 million in respect of anticipated income tax revenue guarantee receipts.

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This total represents the compensation our province is entitled to receive for some of the revenue losses incurred as a result of our decision to remain within the national income tax collection system after the implementation of the "reformed" federal income tax legislation in 1972.

These compensation arrangements will remain in effect until the end of 1976/77. However, in the following year, when the plan expires, Manitoba and most other provinces will face an automatic and substantial revenue shortfall unless some form of adjustment is made by the Government of Canada. Unfortunately, recent statements by the federal Minister of Finance suggest that such an adjustment is far from certain.

POST-SECONDARY EDUCATION

The current post-secondary financing arrangements, which will also expire at the end of March, 1977, are already causing difficulties for a number of provinces. When these arrangements were first introduced in 1967, they were "open-ended" in that they provided for equal sharing of most higher education operating costs. In 1972, however, the federal government applied a 15% annual ceiling on its contributions - with the result that, in some provinces, Ottawa's share of total post-secondary expenditures is declining. The federal government is also placing similar arbitrary limits on its contributions to provincial manpower training programs. When negotiations on new post-secondary financing arrangements commence later this year, our government intends to argue for the elimination of these arithmetic ceilings, and for their replacement with a comprehensive and equitable financing scheme for all forms of higher education and vocational training.

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HOSPITAL INSURANCE, MEDICARE AND THE CANADA ASSISTANCE PLAN

In the field of health and social development, the three largest shared-cost programs - Hospital Insurance, Medicare, and the Canada Assistance Plan - are all being renegotiated at the present time - and the outcome is no more certain than it is for the programs mentioned earlier.

Although the federal government apparently has abandoned its attempts to limit the growth of its future contributions to provincial health insurance programs to the rate of increase in the Gross National Product, its most recent proposals - which involve a "reinterpretation" of existing legislation - appear no less restrictive. It has been made clear that the federal government has no immediate plans to cost-share in provincial Pharmacare and dental care programs, or to commit substantial additional funds to nursing homes and other alternatives to costly acute care services.

Two years ago, most provinces expressed optimism about the potential outcome of the federal-provincial review of social security policy which was just getting under way. For a time, this optimism appeared justified. Substantial increases were introduced in Family Allowances, Canada Pension Plan benefits, and Old Age Security payments. However, in the past year, it has become clear that further improvements in income security programming may be far more difficult to achieve. The federal government has indicated that it intends to impose the now-familiar arbitrary limits on its share of provincial social allowance payments under the Canada Assistance Plan next year, but that it does not intend to take

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any action to implement real welfare reforms, including an integrated program of income support and supplementation with realistic work incentives, until 1978 at the earliest. This raises further uncertainties with respect to future cost-sharing, and with respect to future support of the work ethic.

ECONOMIC DEVELOPMENT PROGRAMS

In the area of joint economic and industrial development programming, our government remains relatively satisfied with our financial arrangements with the Department of Regional Economic Expansion, but the same cannot be said for programs involving the Department of Industry, Trade and Commerce. Federal support for industrial expansion continues to be weighted heavily in favour of central Canada. The disproportionate assistance provided to the aerospace industry in southern Ontario and Quebec is but one example among many which we feel must be rectified in the interests of more balanced industrial development in our own province and elsewhere in Canada.

TRI-LEVEL CONSULTATIONS

Sometime around the end of next year, a further subject is likely to gain renewed attention in discussions among the federal, provincial, and local governments across Canada. That subject is revenue-sharing. By the end of 1976, it is expected that the recently-established Tri-Level Task Force on Public Finance will have completed its report on revenue and expenditure trends at the three levels of government. This report will be well-timed in view of the concurrent federal-provincial cost-sharing negotiations, and it should serve as the basis for a new round of debate on the adequacy of the budgetary resources available to

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each level of government.

Our own position on this question is well-known. The Manitoba Government believes it is already quite clear that provincial governments and their municipalites are under-financed in relation to our growing responsibilities. We believe that the municipalities in Manitoba are in full agreement with our position concerning the importance of greater federal support to reinforce our government's efforts to improve provincial-local financing arrangements. This has been made clear in municipal presentations to past national tri-level conferences in Toronto and Edmonton, and in our own meetings with local government representatives from across the province.