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Madam Speaker:

This will be the sixth occasion on which I have had the privilege of presenting for the consideration of the Honourable Members the financial requirements for carrying out the programme of Her Majesty's Government in Manitoba for a new fiscal year. I have adopted a different method of presentation this year in that I am combining the submission of the Estimates of Expenditure with my financial proposals. In this way, the House receives a more complete picture of the fiscal position of the Province and is thus enabled to make a more comprehensive judgement of the programmes and measures proposed to support them. This, I believe, will be welcomed by the Honourable Members. It is a system of presentation used in several other Provinces and its success here this year will guide future procedure in this regard.

As in the past, I shall consider first the economic context in which our programmes have been determined. Later in the Session, I shall also table a supplementary statement, as I have done in the last two years, to bring together more specific background information on significant aspects of the Government's undertakings.

THE ECONOMY

They ear 1963 has been a good one. Manufacturing output was at the highest level in our history: Mineral production reached a new high. In agriculture, while the regional vagaries of weather prevented another record crop, production was nonetheless above average yields for the past decade. Manitoba's traditional role as the distributor, transporter and merchandiser of the needs of a broad region was sustained by a second straight year of bumper crops in Western Canada and markedly high sales levels.

Gross provincial income in 1963 rose past the $2.1 billion mark - the previous high. Within the new total for gross income, personal incomes for Manitobans rose in aggregate to nearly $1.7 billion - 6 percent, or more than $90 million over the 1962 total and a new record. Earnings directly received by our work force in Manitoba rose, in 1963 by 6 percent to $1 billion from the $945 million labour income earned in 1962.

Employment in 1963 was at high levels with an average of some 96 percent of the work force gainfully employed over the year, taken as a whole. Manitoba again enjoyed virtually full employment through peak activity for the months of June through to the end of Harvest. Our year-end employment was also favourable in comparison with previous years and better than the national average.

The value of manufacturing shipments for 1963 established a new record at $885 million.

Total retail trade also reached a new high at an estimated $890 million - up by $30 million from 1962. House-building activity was brisk over the past year, recording an increase in new residential construction of about 38 percent over 1962. New construction in all categories - valued at $420 million in 1963 - was up over 13 percent from 1962.

Capital Investment

Overall new capital investment in Manitoba for plant, buildings and equipment approached half a billion dollars in 1963 - an improvement over the $442 million for 1962. Manufacturing alone drew $26 million in new capital commitments last year - up 28 percent over 1962. Public investment policies were a major factor in capital expansion. The Grand Rapids Hydro project is now nearing completion. The Floodway is advancing with some contracts almost a year ahead of schedule.

Other Public Investment

Other major flood control and water conservation projects are underway. The Portage Diversion and the Shellmouth Dam Complex are now in progress. Long range studies to determine the ultimate use of the Assiniboine, Pembina and Souris Watersheds are underway and similar studies are in hand for several smaller watersheds in the Province.

To the end of 1963, 38 areas under the Manitoba Water Supply Board had requested assistance. As at December 31, 1963, the communities of Altona, Gretna, Rhineland Rural Municipality, Hartney, Erickson, Cartwright, Holland, Deloraine, Hamiota and Reston were all receiving water. Works at Winkler, Pilot Mound, Rossburn and Manitou will be completed soon. Work will also begin this year on new water supply for Ste. Rose, Gilbert Plains, Kelwood and Strathclair. Other requests are being investigated. These water resource programmes are particularly important examples of the Government's emphasis on local capital improvement as part of the overall Provincial economic development.

Long-term credit to farmers to a total of over $22 million has been advanced since the inception in 1959 of the Agricultural Credit Corporation -- and I interject a note here that the record of repayments under this plan is extraordinarily good. These capital credits have been utilized to modernize, improve and expand agricultural enterprise in Manitoba. The average loan to farmers has been $11,500 and about one half of these loans have been made to young farmers. The repayment record is, as I have said, excellent.

About one third of the farmers in Manitoba operate in Crop Insurance areas and more than half of these insure their crops. Insurance in 1963 covered 5,175 farmers. Indemnities to 1,500 farmers totalled $1.2 million last year, with an average payment of about $825. The stability of farm enterprise made possible by the insurance programme greatly enhances the value of the capital invested.

Since October of 1962, in co-operation with the Government of Canada, the Agricultural Rehabilitation and Development Act programmes in respect of land use, soil and water con­servation, rural development area organization and related research projects have been started. To date, 43 projects have been approved. A further ARDA investment of $2 million is planned for 1964.

Added to these commitments are our investments in capital facilities and research grants for the Faculty of Agriculture at the University of Manitoba - more than $5.3 million capital facilities since 1958-59. The agricultural research grants for 1964-65 will total $580,000. This investment points up the importance we attach to a progressive agriculture in the diversified development of Manitoba.

Agriculture's Contribution

Gross agricultural output in Manitoba totalled about $340 million in 1963. This is the best year but two in the last decade, being surpassed only in 1960 and by the record production value of 1962. The cash income of Manitoba farmers reached a record of $290 million during 1963. Net farm production was estimated at $280 million and the average net value of production per farm was $6,667 last year. Over the past. two years, the general pace of Canada's economy has been high as a direct and major result of high crop yields sold at consistently high volume. Because of the basic benefits from agricultural achievement, our trade, services and industrial economies have also sustained substantial gains. A general strengthening of the national enterprise has been the overall result.

The high level of agricultural achievement in these two years underlies much of the employment recovery in Canada. The sustained high employment record in Manitoba is due in part to the demands placed by agriculture on transport, communications, trade and industry.

Challenging Implications

Madam Speaker, I make these points for a particular purpose. If we assume that the present bright picture will remain clear and promising without any further effort on our part, we will be disappointed. Canada has recently had high aggregate personal incomes, savings and general domestic sales. Yet, we have not been able to employ all of our people who want and must have work and we have not been able to assure needed industrial expansion or fullest use of capacity.

New, imaginative developments, based on specific and thorough research, are necessary. In Manitoba, we have started to do what is necessary. The Committee on Manitoba's Economic Future was a consensus of these efforts. It was markedly successful in drawing enthusiastic and general commitment from the community. Its findings have been broadly useful.

A significant finding was the clear delineation by the Committee of the limits of government activity. The conclusion was a challenge to private enterprise and industry. Government will continue to search for more effective approaches in areas of public responsibility. It is essential, however, that private enterprise pursue diligently every effort to improve efficiency, expand initiative and extend the necessary co-operation to others working to the same end. I believe that labour and management are ready to accept their responsibilities to meet this challenge.

Utility Investment

Manitoba Hydro, in 1963-64, estimated its capital expenditures at $50 million for new power facilities and capacity. The first power production from Grand Rapids will begin this year and the three 110,000 kilowatt units will all be functioning by mid-1965. Provision has been made for the later addition of a fourth unit.

The operation of a new 230,000 volt transmission line from Brandon to Winnipeg is the first utilization of high voltage in efficient and economical distant-transmission in Manitoba. Power from Grand Rapids will be brought to serve Winnipeg by this same means.

In February of 1963, Manitoba concluded an agreement with the Government of Canada for cost-sharing in a feasibility study of development of the Nelson River. Investigations of this future potential are proceeding.

In the year 1963, electricity used in Manitoba increased 9 percent over 1962. The total value of power made available is estimated at some $47.3 million.

Last year, the Manitoba Telephone System installed another 12,556 telephones, bringing the total in service to more than 313,000. New telephone facilities required capital investment of more than $17 million during 1963, and more capital will be invested in 1964 to provide long distance direct dialing and automatic dial operation ultimately to the full Manitoba system.

Other Resources

Total mineral production in 1963 set a new record at a value of $171 million. The recovery of strength in the Forestry sector which showed in 1962 was continued in 1963. Some $20 million in primary forest production for each of the two years has now been estimated, as compared with $15.4 million in 1961.

About $5 million was realized in earnings by the fur-industry last year, with prices the best since 1957. In 1962, Manitoba had the highest commercial fish production in 21 years - some 36.1 million pounds, up by about 5.5 million pounds over 1961. The value of that catch was some $7.3 million with better than $4.2 million being paid to the fishermen in Manitoba. Nevertheless, this industry is affected by serious problems and 1963 was not as favourable on the basis of present indications. The difficulties are now under Federal-Provincial study.

The tourist trade established a record in 1963 - some 2.5 million tourists are estimated to have used our public parks last year. Camping activity on public camp grounds increased 27 percent in 1963. The outlay of public capital for recreation facilities returns benefits to Manitobans wherever they may work, live or play.

Highways and Public Works

Investment in the Province's road and highway system itself induces further growth, There are nearly 354,000 motor vehicles registered in Manitoba. Registration increases by about 16,000 vehicles a year. Our highway programme is keeping pace with this demand. During 1963-64, some $28.5 million combined capital and current expenditure was made for highway improvement, extension and maintenance.

Manitoba continues to have the lowest accident rate in the nation. The safety standards built into our highways are one factor contributing to this. The fatal accident rate in Manitoba has been reduced by better than a quarter of the rate of such accidents per 100 million miles driven in 1958.

We will commit some $36.7 million for the Provincial highways and other roads in 1964-65, including work carried forward, in the up-graded programme of construction, maintenance and general improvement first undertaken in 1958.

Our other public works programmes are also keeping pace with the needs of a modern community. The Manitoba Institute of Technology was completed in 1963. The Government has purchased the former Manitoba Power Commission building to provide accommodation for the Motor Vehicle Branch and the Highways Branch of the Department of Public Works. The former Manitoba Technical Institute building is to provide accommodation for more than twenty public agencies previously scattered in location. These moves enable the Government to gain financial saving and increased efficiency in the public service.

The new Psychiatric Institute at the Selkirk Hospital for Mental Diseases has been established primarily for treatment of out-patients and for cases requiring short-term treatment. This reduces the demand for long-term accommodation and expensive chronic care facilities. A section of the Female Infirmary at the Brandon Hospital for Mental Diseases has been reconstructed for treatment of out-patients in that area. At the Portage la Prairie School for Mental Defectives, new construction will house about 135 patients.

For 1964-65 we plan to provide for the construction of new public buildings representing investment of some $4.8 million. New projects will include a Detention Home for Boys valued at $1.5 million; a Junior Vocational School for Winnipeg to require a commitment of $750,000 -- and I interpolate here, as the provincial share -- and a new major School for the Deaf in Winnipeg or its vicinity, involving $1.8 million. The Regional Trade Schools at The Pas and Brandon, with a provincial commitment of $1 million, are also programmed for 1964. Additional facilities at the Selkirk Hospital for Mental Diseases will be advanced as well. There will also be an investment of a further $3.2 million in our contribution to the continuing revitalization and expansion of the University of Manitoba facilities. Another $425,000 will be provided for agricultural research facilities. Further to these commitments, the Province will be making substantial grants for building programmes in respect of Homes for the Elderly and Infirm and for other construction in support of various community services.

HUMAN RESOURCE SERVICES

I should now like to review the Human Resource Services, beginning with:

Education

Since assuming responsibility for the affairs of this Province, we have emphasized the importance of education in a balanced programme of modern development. In order that the opportunities to acquire a full education will be made available to every young person, and on an equitably high level of facilities and instruction, we have been continuing a major expansion of schools, curricula and general financial support over the full range of study,

Since 1958-59 we have provided some 3,800 classrooms and equivalents. The programme has involved the establishment of 321 new schools and additions throughout the Province. The total new capital investment in these facilities has now reached $64.4 million for the period since we came to office -- I interpolate here that not all of this is on provincial account, though the majority, indeed, is.

Through the new facilities, we have been able to provide for increased enrolments throughout the elementary and secondary system, and particularly in the secondary schools. Since 1958, the number of pupils enrolled in rade X has increased by 42 percent; in Grades XI and XII, 62 percent and 113 percent, respectively.

In 1958-59, the Provincial Government's education budget for all aspects of our support programme totalled $22.6 million on combined account. For the 1964-65 fiscal year, the investment in education provided in the budget will total $47.3 million - some $24.7 million higher than the amount being committed just six years ago.

Included in the investment has been capital support to the University of Manitoba totalling $23.2 million since 1958-59, with the amount for 1964-65 being an additional $3.6 million.

The 1958-59 operating grant to the University of Manitoba was some $2.3 million; for 1964-65 the operating aid to the University will total $6.8 million, almost a threefold increase. We have provided aid for the operating of Brandon College which has grown from $90,000 in 1958 to $562,000 for 1964-65.

In the public school system which forms the basic foundation for our University programmes, we have maintained a sustained revision and improvement in the courses of instruction. The new General Course at the secondary level, introduced two years ago, continues to gain recognition and status as a course suited to the needs of many of our young people. During the past year there were 73 classes operated in this course, compared with 29 in the preceding year, confirming its value and the need the course was designed to meet.

We have also commenced intensive work on the revision of the curriculum of the university entrance course. We hope that some of the revised subject outlines will be ready for experimental use in the school year 1964-65. Provision is also being made in the fiscal year 1964-65 for seminars to plan the reorganization of the elementary curriculum and to provide for a terminal programme commencing at approximately the Grade IX level.. We do not neglect the responsibility of keeping our educational system under constant critical evaluation and review.

There has been considerably greater than expected response to the offerillg of technological courses at the newly completed Manitoba Institute of Technology. This has justified our hopes for the Institute. Detailed planning is also underway for vocational schools at The Pas and Brandon. I might emphasize, Madam Speaker, that the greatest care must be exercised in respect to the expansion of technical education. We must proceed with an eye to the ever changing needs of the industrial society in which we live. To train young people for productive careers, we must know a great deal more than we do now about the probable needs of the economy and the general community. We are, therefore, first emphasizing the re-training and upgrading of people whose formal education is not sufficient to enable them to take advantage of available specialized training programmes. These persons today form the hard core of unemployed workers. In order that no one will be prevented financially from taking advantage of this opportunity to ready himself for higher trade qualification, Federal-Provincial training allowances are being paid to those who take the courses offered. This is a key step - a very significant move, Madam Speaker. Let us break the cycle of displacement which has been forcing more and more of our workers into idleness. We offer to all those able to benefit the chance to re-open the doors which declining demand for their present level of skill has closed.

That there is a vital link between education and economic advance may be presumed, but the exact nature of that link will be ever changing, and the demands of our training programmes will thus always necessitate the alert and continuous review of which I have spoken previously.

The total estimate for current expenditure through the Department of Education of $41. 6 million in 1964-65 -- $3 million above the 1963-64 commitment and representing 27.4 percent of the total current expenditures of the Province for the coming year -- reflects our desire to provide the best possible educational services for all of our people.

Health

One of the major undertakings of the Province, in serving the health needs of our people, is the hospital services programme of the Manitoba Hospital Commission. Since the inception of this programme in 1958, to the end of 1963, about $185 million has been spent for the provision of insured hospital services. For 1964, the programme is expected to require about $45 million. Hospital services costs have increased from $31. 00 per capital in 1959 to $45.00 per capita in 1963, and will amount to $47.00 per capita in 1964. Through consultation and co-operation with other provinces and the Government of Canada, methods for the control of costs are being studied and developed. Within the Province, we are exploring various means for producing greater efficiency and economy of hospital operations. We have received the vigorous co-operation of the hospitals and their provincial associations. Often, their initiative has pointed the way to savings.

Since 1958, the support required by the hospital services programmes from the general revenues of the Province has risen sharply - from $3 million in 1959 to $11.2 million for 1964; Net premium revenue is forecast to be about $13 million in 1964: Over 56,000 persons are exempt from payment of the premiums. These include old age-security pensioners with little or no income beyond their pension, all recipients of provincial social allowances, and dependent students between 19 and 21 years of age. It is possible that the hospital services plan may accumulate a loss in the coming year. Our people - hospital administrators and the public alike - should take warning lest this situation should lead to pressure for higher premiums and higher taxes.

In 1963, seven new health facilities were completed. The total value of new construction and renovation completed under the current hospital development programme since July 1,1958, now stands at $21.5 million, involving 34 individual projects. We are providing just over seven beds per thousand population. This represents an increase of approximately one bed per thousand since 1958 and compares with the 5.0 beds per thousand population available ten years earlier, in 1948. It is also somewhat better than the national ratio. More than $16 million will be required for new projects in 1964-65. These will include provision for some 750 new beds of which 250 will be added to the available supply in 1964 alone. A further $3 million is being provided in 1964-65 to complete projects already underway. Honourable Members will note that I have included a listing of the hospital and elderly persons projects undertaken since 1958.

During 1964, we will add a new Local Health Unit in Southern Manitoba, to serve some 40,000 people. During 1963, as a direct consequence of an intensive three-year Poliomyelitis Vaccine programme, not a single case of poliomyelitis was recorded. This gives us the splendid record of only four cases in three years in what was formerly a "plague spot" in respect of this disease.

The Government's major commitment in respect of treatment for mental diseases will require some $8 million in 1964-65. This compares with just less than $4 million in 1958-59. The effectiveness of a modern psychiatric programme can be measured as much by its expenditures and activities outside the Mental Hospitals as by those within. In 1958, only $3.00 of each $100.00 spent on psychiatric services was used to aid external Hospital programmes. During 1964, the figure will have reached $15.00 of each $100. 00. To expand this activity, two new community health teams will be added during 1964. The opening soon of a new clinical unit at Selkirk will also greatly increase the out-patient services in that area.

Since 1958, we have been able to reduce the number of mental hospital beds needed by more than 500 - in spite of the fact that the number of hospitalized patients has increased by over 20 percent each year. The patients come early and stay briefly when detection is efficient. The savings in human and financial values are obvious, such is the progress of the sciences.

During 1964, the support of the Manitoba Cancer Treatment and Research Foundation will be transferred from the Department of Health to the Manitoba Hospital Commission. This move underlines our recognition of the important relationship that exists between cancer control and hospital care. More than $650,000 will be provided for x-ray and laboratory units. There have also been substantial increases for northern health services. Other programmes will receive sustained support.

Taken as an integrated programme for public health investment, our undertakings for 1964-65 will involve $23 million in Provincial commitments for the sustained well-being of the community. This represents an increase of some $1.4 million over the 1963-64 health commitments on current account.

Social Welfare

In the past year, we have been encouraged by the fact that our general economic position has been good. Nonetheless, for the handicapped, for the displaced, for the elderly and for the neglected young, the bright prospects of the future are clouded by the shadows of the present. For these people, our social allowances are the means to lift the shadows. Our rehabilitation services are the keys to renewed participation in productive social enterprise. The various health and medical programmes extended to the elderly and to those otherwise in need give the help that these people want and deserve. Child care and support for mothers, assistance for the disabled and training for the handicapped - these services, performed in co-operation with many agencies, are the pledge of an enlightened society that no one need face otherwise overwhelming difficulty alone. For the Indian and Metis citizens of Manitoba, the achievement of a sense of community and self reliance is the first step on a long road which we firmly believe must be travelled. The Community Development Branch will expand its work in this direction.

The Province of Manitoba has recommended an increase in assistance to the group drawing old age assistance, disability and blind allowances, in co-operation with the Government of Canada. The additional cost for the full 1964-65 fiscal period for these increases in pensions will total $1.2 million, to be shared with the federal government.

We will be extending many of our special services both within the Welfare Department and in co-operation with other Departments and Agencies. The special programmes created for the training and up-grading of low-skilled workers will affect welfare rolls. The turn-out for the training courses being offered is encouraging.

The ultimate goal of our welfare undertakings is the restoration of personal independence - the Departments of Welfare, Labour, Education and Health work together to this end. In 1963-64, the appropriation on combined account for the Department of Welfare was $18.3 million, and the Department will require for 1964-65 $21. 4 million on combined account.

The Labour Resource

Economic challenges are already re-shaping the role of the Department of Labour. It must now work to keep the labour force structurally mobile and efficient. The Department is hence giving special attention to man-power training. We are examining future needs and requirements. The Director of Research in the Labour Department will assemble existing data, and will undertake to continue our study on man-power supply and demand. This is basic to the determination of sound policies and programmes aimed at providing the individual with adequate means of training for the work actually required by' the changing economic circumstances.

Another important element in the Department's efforts to promote labour-management understanding has been a programme of continuous joint consultation. The Government and the University sponsored a seminar last year at which management and union representatives worked under the guidance of experts in the fields of economics and labour relations. Later in the year, this programme was further developed through a joint conference on man-power training.

Permanent labour and management consultative groups now meet regularly with the Minister. Particular mention should be made of the consultative committee of employers and unions in the construction industry. New legislation covering wages and hours in this industry has been introduced.

In 1963-64, minimum wages were increased. Regulations concerning mechanical and engineering matters were improved. Wages and Hours administration, Industrial Safety and Fire Protection programmes, as well as other services of the Department of Labour, were maintained and strengthened.

The appropriation for the Department of Labour for the year ahead is $660,645. Our combined Human Resources investment through Education, Health, Welfare and Labour was an estimated $85.2 million on combined account in 1963-64. In 1964-65, we shall be investing in human betterment through these four Departments some $91.7 million on combined account. This combined current and capital investment in Human Resource programmes of the Government for 1964-65 compares with $42.2 million in 1958~59. This represents an expansion in human development undertakings by some 117 percent in the past six years and 7.6 percent above the 1963-64 fiscal year alone. The combined investment in human resources now accounts for over one-half of the overall annual commitment on current and capital account of the Provincial Government - before provision for utilities.

Municipal Affairs

Pending analysis and decision in respect of the findings of the Royal Commission on Local Government Organization and Finance, the Government has again increased its necessary financial support for local government. For the coming fiscal year, we shall be placing before the House some $90.4 million in appropriations to continue the many forms of aid and support extended by the Province to local government and local development. This represents an increase of some $10.4 million over the 1963-64 estimates for this purpose. It is a continuation of a policy which has directed every possible portion of any increase in Provincial revenues to the sustained support of our local community growth. I have noted in previous Budgets the fact that a major portion of the Province's revenues is directed to that support of local development. For 1964-65, even before consideration of the report of the Royal Commission, we estimate that some 60 percent or 60 cents out of every current revenue dollar accruing to the Province will be committed to the support of local government and local progress.

Last November, at the Dominion-Provincial Conference, some $7 million of additional revenue was estimated by Ottawa as likely to accrue to Manitoba under the revised equalization and standard tax allocations set by the Government of Canada for the fiscal year 1964-65. Madam Speaker, the $10.4 million increase in our aggregate support for local progress for 1964-65 over 1963-64 can be compared with the $7 million made available to us under the one-year revision in tax arrangements. This will not be the last word in respect of our support of local government. When we have reviewed fully the first report of the Michener Commission, our financial undertakings will also be reviewed. The important decisions arising out of these matters will be dealt with promptly.

Manitoba has entered a new phase of urban development. We are grappling with critical problems of renewal and growth. Housing is a major component of many of these problems. We are, therefore, pursuing an expanded programme of Provincial participation in the public housing field. For this purpose, we have established a Special Municipal Services Branch in the Department of Municipal Affairs to co-operate with the Manitoba Housing Commission in dealing with housing and urban renewal. The Province's participation in winter works undertakings, and in respect of the new housing, programme is included in the estimates for the Department of Municipal Affairs.

To date, Madam Speaker, plans for more than 52 projects valued at $26 million have been submitted to the Province for consideration under the Municipal Development Loan Act. We are also continuing a full programme of winter works undertakings for this winter. Some 252 projects are underway, creating an estimated 4,300 jobs for the winter season.

Other Service Investment

For the year ahead, the Attorney-General's Department will be committed to the implementation of two major undertakings. The new Detention Home for Boys, to be built in the Winnipeg Area, will provide a necessary rehabilitation facility. We estimate a total Provincial investment in this project of some $1. 5 million. Another aspect of the rehabilitation programme being advanced under the Attorney General is the expansion and re-organization of the Province's probation and parole services. These are the foundations which underlie the sound administration of justice. For 1964-65, the combined estimates for the Department of the Attorney General will total $7.2 million as compared to $5.1 million for 1963-64. This represents an increase over the year of some 43 percent in our investment.

The Provincial Secretary's Department will be engaged for the coming year and beyond in the supervision through the Manitoba Centennial Corporation of the Province's participation in the celebration of the Confederation centenary, and the creation of our Province in 1870. These milestones in the Province's history, and in Canada's development, will be marked by a programme of new asset creation involving about $17 million of which the Province's share will total approximately $8 million. In partnership with our municipalities and with the federal government as well as with private persons, we will be developing major new projects in our communities. An integrated Arts Centre is to be established in Winnipeg. An auditorium or like project in Brandon has been included in the plans. Extension and improvement at the International Peace Gardens will be undertaken within the programme. Local parks and other local recreational facilities will be improved and expanded as a part of the commemoration developments now planned. Provincial parks will be developed to a total commitment of $4 million under the centenary programme.

SUMMARY OF PUBLIC INVESTMENT

For the year ahead then, the Government is committing for investment in sustained progress some $152 million on current account. Of this total, some $13.8 million will be charge - able to capital division. On capital supply, we will be providing in 1964-65 for Provincial Investment some $68.5 million, including provision for our utilities.

ECoNOMIC OUTLOOK

The economic indicators now at hand suggest that the current national trend of high and rising activity will be sustained, although at a more moderate rate of increase than has been experienced over the past twenty months. The level of inventories in relation to order's and requirements now established for most manufactures is not high. In fact, there appears to be room for some inventory build-up in a number of equipment and consumer goods industries.

Similarly, in Manitoba, excess in manufacturing capacity - never as great a problem as in other industrial regions of the country - will not be a problem for the immediate future. Taken together, the inventory and capacity 'aspects suggest that the rising impetus of both external and domestic demand, even if moderating, will continue to support present or moderately higher production, employment and earning levels.

This sustained strength will in turn require a commensurate investment of capital to replace and extend equipment, plant and other facilities. Given the clearly restrained capital commitment experience of the past three years, or more, the capital planning for a higher level of activity will have to be somewhat higher itself, to maintain efficiency. This has been confirmed throughout 1963 by rising investment commitments.

I feel that 1964 will require a continuation of new investment at the higher level of 1963 if only to match the expansion in demand over and above normal capital replacement.

Underlying all of these assumptions for the future is the clear evidence of present confidence in the economy. Investors, producers, distributors and consumers seemingly share this confidence and the wheat sales impact, the high motor vehicle sales volume, the absence of large surplus inventories and the emergence of new capital are all conducive to confidence being continued.

I, therefore, expect that our provincial economy will show growth in the coming year in the main sectors of manufacturing and trade, We know that transportation and construction are assured of sustained demand through the first half of the year, at least, on present commitments. We can hope that climate and other factors will favor agricultural production as well, because high demand appears assured for another crop period.

In summary, in considering the ways and means of meeting our public requirements for 1964-65, I am confident that our programmes will be fulfilled in an economic context able to support the measures taken for the raising of revenues in the year ahead.

DOMINION-PROVINCIAL RELATIONS

In the presentation of the Budget for 1963-64 I had estimated that revenue under the tax collection agreement with the Government of Canada would yield to Manitoba approximately $16.9 million in standard personal income tax, $15.2 million in corporation tax and $2.7 million in our share of federal estate tax. This represented a total yield for standard taxes of some $34.8 million then anticipated for the fiscal year just closing. We also estimated equalization and guarantee payments totalling just over $11 million for 1963-64, to produce a yield from the basic taxes and guarantees, including equalization, of $45.8 million for the period ending March 31st, 1964. In addition to the basic yields and guaranteed equalization, Manitoba also received through the collection agreement the revenue in respect to hospital service charges on individual and corporate incomes which we estimated at $7.6 million for 1963-64.

With the sustained strength in the economy having carried through 1963-64, the revenues under the collection agreement have exceeded our estimates by some $1.1 million as tax receipts reflected the higher earnings and profits which have been experienced since early 1962. I have set out a brief table showing the revised 1963-64 estimated return, exclusive of the hospital services charges, and I have compared the revised estimates with our present forecast for 1964-65 revenues under the fiscal arrangement and collection agreement with Canada.

Honourable Members will note that I have in fact shown two sets of figures for the 1964-65 forecast. In the first instance, the estimates for the coming fiscal year are as we would have expected had the fiscal arrangements between Manitoba and Canada, concluded in 1961 for the fiscal period 1962-63 through 1966-67, been left undisturbed. However, as the House will be aware, at the Plenary Session of the Dominion-Provincial Conference held in November of last year, the Government of Canada undertook to make certain revisions in those arrangements, to have effect for the fiscal year 1964-65. I have, therefore, made another estimate of our 1964-65 receipts, making a second comparison with our revised 1963-64 estimates.

It will be noted that we are now anticipating an increase in revenue under the fiscal arrangements for 1964-65 of $9.7 million over 1963-64 -- exclusive of the hospital services charge -- and some $7 million above what we would have expected had the Federal Government not acceded to the very strong pressures exerted by the Provinces for improvement in the fiscal arrangements.

The hospital service charges are now estimated at $8 million for 1964-65. In general, we have accepted the federal assumption of an approximate increase in the level of economic activity of about 5 percent during 1964 and this is reflected in our tax revenue estimates.

I have referred to the pressure exerted by the Provinces for improvement in the terms of the fiscal arrangements with Canada. It was a pressure to which Manitoba contributed consistently since the arrangements were first announced in 1961. I have said in this House on other occasions that the Government of Manitoba had not accepted the weakening of equalization effected under the 1962-67 tax collection and fiscal arrangements. While we have not been and are not willing to view the present rates of federal withdrawal from the standard tax fields as being in any way final, it was the question of equalization to which we have most earnestly addressed our arguments.

While members of the present Government of Canada - including the Prime Minister - had made frequent reference to their pledges to implement equalization to the per capita yield of the top province, the undertaking now given for 1964-65 puts equalization on the basis of the yields in Ontario and British Columbia - the top two provinces. We still believe that logic and equity, not to mention the fulfillment of pledges that have been made, all require equalization of the standard taxes to the top provincial yield. Nevertheless, we are pleased to see a movement toward the basic restoration of the principles in respect of equalization which we have supported. The national average yield of standard taxes could not in principle, be a proper base for the equitable adjustment of provincial revenue disparities, and Manitoba's Government has consistently and strongly emphasized that fact.

We are disappointed that the natural resource revenue adjustment to equalization which Manitoba had successfully urged upon the Federal Government in 1961 has now been eliminated as a positive element in the tax equalization. Under the Government of Canada's undertaking for 1964-65, the excess resource revenues of the wealthier provinces are not to be shared with the less well endowed, but are in fact deducted from the equalization funds payable by Canada. This is a basic contradiction of the principles that we have supported. We cannot accept the notion of equalizing downward. We do not believe that any part of the nation should have a penalty so applied as a result of history or geography - whether it be a penalty of insufficient resources or a penalty exacted because of a fortunate endowment in natural resources or other revenue potential.

Another element of change in the tax arrangements for 1964-65 has been the additional 25 percent abatement in favor of the Provinces in respect of succession (estate) duties. However, here again Manitoba is concerned at the weakening of a sound principle in respect of fiscal equity in this country. Because the additional abatement or sharing of federal succession duty (or estate tax) collections will not be included in the calculation of equalization, a most unfortunate precedent has been created. A share of a standard tax - of a most unevenly distributed tax revenue - has been excluded from the adjustment of revenue inequities.

Had the Government of Canada fulfilled its pledge to equalize tax yields to the highest province, and included in equalization all standard tax revenues while continuing to apply the positive equalization established in 1962 for natural resource revenues, Manitoba would have received an estimated $14.4 million additional revenue in 1964-65. The Federal Government's undertaking has fallen short of these terms and will mean a net gain of only some $7 million for the coming fiscal year. However, while far from adequate, these adjustments are for one year only, and Manitoba will continue to press for a broadening of the standard tax base, with full equalization being applied across the whole standard tax aggregate.

There will be a resumption of the Plenary Conference in the near future. The Prime Minister of Canada has agreed with the Provinces that the vast and complicated area of joint Dominion-Provincial programmes must be thoroughly examined. The many points of economy, efficiency and equity which have not been satisfactorily dealt with in the shared cost, conditional grant and other joint programmes must be attacked with genuine and imaginative intent.

In the main, Manitoba contends that the joint development of the nation has required and will continue to require joint financial and technical co-operation, as well as co-operation in fundamental policies. We recognize the achievements to date which can be properly attributed to various programmes of joint - inter-governmental participation in costs and administration. Our concern is that these co-operative efforts continue to advance our well-being as a Province and that sound progress in Canada be assured. We must, therefore, be prepared to make changes in the application of such programmes where improvement can be determined. We must be willing to develop other concepts of co-operation where these could be more effective. We must be open to new methods, while we give fair recognition to the accomplishments recorded under the older techniques.

The varying views among the provinces on these questions must be considered in detail before sweeping substitutions or other changes are agreed to. Manitoba has, in fact, emphasized that it is unlikely that any final adjustments of inter-governmental problems are either possible or really desirable. Flexible and pragmatic changes made in the full knowledge of the facts and in good faith among the parties to the arrangements - these are the practical and desirable objectives. They are objectives that require a continuity of effective consultation. This is our conception of co-operative federalism.

For the information of the Honourable Members, I shall be tabling for the record my remarks at the opening of the November Conference. The sense of what I have said here today was explicit in my statement on that occasion. We have a long road to travel in Canada before we will have come even close to the fulfillment of our potential as a nation. That road cannot be travelled in a spirit of isolated or compartmentalized concern for the interests of one region or one jurisdiction. We must accept the vital fact of federal life - we must work continuously together in order that our Governments can fulfil their obligations to their people. There cannot be any absolute or final allocation of either responsibility or equity. Each is a necessary reflection of the inevitable changes that time and circumstances dictate.

There must be effective consultation oil decisions .: not alone on responsibility. This in turn dictates effective and continuous interchange of ideas and viewpoints, of facts and figures. Above all, our mutual need is to work together as Canadians. Manitoba has consistently worked in this spirit and we shall continue to strive toward a national purpose, believing that only by so doing can Manitoba's true interests be served.

This does not mean - it cannot mean, - that we will be any the less insistent upon the rightful and proper understanding and acceptance of our needs as a Province. We shall serve best by being forthright in advancing our views but those views will be expressed.in a context of fair-mindedness and explicit faith in the desire of all Governments in this country to make of our nation the best that its rich potential can attain.

Before I leave the subject of our relations with the Federal Government, I would like to refer briefly to two important discussions which took place last year.

Last July, we met with Canada and the other Provinces to discuss the matter of the Municipal Development and Loan Act by which the Government of Canada proposed to make loans - for approved purposes to local governments. In its original form, the proposal was quite unacceptable, not only for the reason of the methods proposed but for the evident intrusion into an area of provincial control.

At the meeting in Ottawa, following frank discussion of all problems, we were able to achieve appropriate changes which, to a large extent, removed the restrictions and restored effective control to the provinces where it constitutionally belongs. Manitoba has thus been enabled to enter into an agreement with Canada with respect to this matter and processing of municipal applications for assistance is now in progress.

At the same meeting, the Government of Canada put before the Provinces its plans for a national retirement pension plan. While no direct participation of provincial governments was involved, it did consist of a large-scale activity of the Federal Government in an area where the provinces enjoy concurrent jurisdiction. Not only this, but the financial implications of the proposal were so important that the whole basis of the economy would be affected.

At this meeting in July, and subsequently in September and November, we made known our views. I do not propose to go into these in detail now but will merely mention a few of the points which we drew to the attention of the other members of the discussion.

1. The long-term costs of the pension plan,

2. The effect of increased levels of pensions on the whole structure of welfare payments,

3. The burden on the economy of the costs of such pensions,

4. The failure to mesh the plan with existing plans and to provide portability for them,

5. The effect on the pool of investment capital now contained in pension funds of a wide pay-as-you-go scheme.

Last but by no means least, we were concerned at the effect on the whole economy of the tax impost necessary to support the plan. It was and is in our minds a question of social utility and of the plan's place among our national priorities. It was not merely a question of the merits of a particular plan for pensions in itself.

I am gratified that many of the points raised have been dealt with in the revised proposals made by the Government of Canada. I am particularly gratified that an effort has been made to preserve, at least in part, the pool of investment which is so vital to the provinces and municipalities. We do, however, stand by our belief that the interests of the country would best be served if this whole proposal could be the subject of a public enquiry, perhaps of the nature of that undertaking in connection with the unemployment Insurance Act. Let us take care that any new wage-related pension plan adopted gives the best possible results for people whom it is intended to assist.

I think that we have all learned something from these meetings on the Municipal Development and Loan Act and the Canada Pension Fund. To me, they point out the need for consultation before the act, but do also show that, given a situation of differences, much can be achieved by sitting around a table and talking the matter out if a spirit of compromise and goodwill is part of the proceedings.

FINANCIAL REVIEW

Our fundamental position remains unchanged. The responsibilities of government are primarily to create and maintain the social and economic climate in which our way of life can best flourish to the greatest good of all. We continue to devote our best efforts to the fulfillment of that role.

Public Debt

At the close of the calendar year our outstanding obligations on capital account, as represented by the net debt, had actually been reduced from a year ago by about $1 million. This has been in large measure due to two factors - the transfer of maturing utility obligations to a guaranteed basis and the continued growth of provincial sinking funds.

This Government regards its credit as a most important asset to be used with care, but indeed to be used in our progress toward economic maturity. We believe that this is a policy that has been tested and found best suited to our needs. That it has been followed with suitable prudence is illustrated by the continued high status of our credit position among the Provinces of Canada. Our standing is closely on a par with that of Ontario and of Alberta, both of whose economic wealth, we must accept, is at a higher level than our own. This has not come about by accident but by a deliberate fostering of our name as a credit-worthy risk of the first order for the investor in public securities.

Of course, no one borrows for nothing. Money has a price like anything else and it must be paid. It is this cost that is a good measure of our ability to assume capital liabilities. To use the measure for previous years, it will, in 1964-65, take under 4 percent of our revenue to pay the interest of the public debt, while in 1945 it required more than three times this percentage, Today not much more than the current year's revenue would retire our net direct obligations. Twenty years ago it would have required close to two and one-half years' revenue for this same purpose. Despite the vast programme of capital improvement undertaken in this Province since 1958, our ability to meet these costs has continued to remain unimpaired, and in fact has relatively improved.

As proof that our capital expenditures have been devoted to the creation of capital assets and not to the liquidation of deficits, I put before you an analysis of the purpose of our public debt. The concentration in tangible assets essential to growth is clearly shown.

Sinking Funds, etc,

We have continued the sinking fund policy provided by law. Under its provisions, a 3 percent sinking fund is provided for all issues over one year, other than serials. This is sufficient with conservative earnings to retire the principal of an issue in about twenty-two years.

The utilities have continued their established policy of providing funds for debt retirement of not less than 1 percent of the outstanding debt at the close of the previous fiscal year, plus earnings at 4 percent. This is in accordance with established utility practice. In certain cases, as in the January, 1963 issue in New York, a higher rate has been provided - in the case mentioned 2 percent.

In the coming fiscal year, something over $7 million is being provided for sinking funds, including utilities. In addition, something over $1 million is provided for the retirement of serial debt.

At December 31, 1963, the total funds held for the retirement of provincial debt were something over $60 million, an increase of about $6.5 million from the year before.

Guarantees

Provincial guarantees continue to be restricted to Government agencies and others that can be said to operate on a separate and distinct basis from the ordinary functions of governmental departments and whose charges are not upon the Consolidated Fund.

Local Government Borrowings

The satisfactory condition of local government borrowings which I noted last year has prevailed through 19630 During this period a total of $6.6 million of school unit debentures were marketed with the co-operation of the Municipal Board under the very successful trustee arrangement that have been developed. This is somewhat below last year and indicates that the large back-log of new construction requirements gradually is being overcome.

In addition to these school debentures, bonds of municipal corporations of $7.5 million were authorized, of which $1.1 million were marketed through the Municipal Board facilities. This does not include sales of $10.8 million by the City of Winnipeg and $4.0 million by the Metropolitan Corporation of Greater Winnipeg.

Continued efforts toward the improvement of the information available to investors are being made. I cannot overemphasize to local governments the importance of clear, accurate statistics when they are considering public financing. The Municipal Board has also continued to encourage local participation in issues, believing that such involvement is conducive to increased local interest and responsibility.

Transactions

Manitoba again issued savings bonds in 1963. One issue was made of 4¾ percent bonds maturing in ten years and yielding 4.99 percent if held to maturity. The rate was unchanged from the previous year.

Total sales were something over $13 million, somewhat less than before but quite satisfactory in view of the competition of Canada Savings Bonds at a somewhat higher yield.

Several issues of short term securities were made when rates were considered favourable. The regular issue of weekly Treasury Bills was continued, but on net balance our outstanding obligations in this type of security were reduced in the calendar year.

By far the largest part of our financing has been with respect to the utilities and other bodies which enjoy a provincial guarantee of their obligations. These included Manitoba Hydro, the Telephone System, the University and one hospital covered by a special Act of the Legislature. The net increase in guaranteed debt in the calendar year amounted to $46 million as against $79 million in the year previous. The decrease is due in large measure to the timing of the issues as the level of requirements has not changed substantially. With the exception of one issue in New York of Manitoba Hydro Bonds, funds in all cases were obtained on the domestic market.

While the Canadian bond market has been reasonably steady in the long-end, it has been sensitive to new issues. In some respects this follows from the increased dependence on it following the effective removal of the U. S. market as a source of funds for a good part of that period.

The basic problem of our balance of payments position has been complicated by the continuing imposition of the Canadian Withholding Tax and by the proposed U. S. Equalization Tax. While the latter has not yet actually been applied, it has been hovering over the market and has taken far longer to resolve than was originally anticipated. The spread between interest rates in New York and Canada has remained attractive but seemingly unattainable until this situation was resolved.

As I announced last month, however, Manitoba was approached by a small group of investors in the United States through the agency of a national financial house, with respect to a possible loan of several million dollars on behalf of Manitoba Hydro.

We were able to close a loan of $28 million in New York in U.S. dollars on behalf of Manitoba Hydro on a most satisfactory term and under conditions which I regard as favourable. In negotiating this loan, neither the Province nor Manitoba Hydro assumed any liability for the tax position of the purchaser with respect to either the Canadian Withholding Tax or the United States Equalization Tax. Further, while we have had no official clearance or approval, and there is no authority for such, we made every effort to ascertain and are satisfied that this loan is in no way harmful, but rather is beneficial to the Canadian international payments position.

The loan which is for twenty-two years is callable after twelve years at a discount. It bears 4.25 percent and yields to the investor 4.95 percent per annum if held to maturity. With the U.S. dollar at an 8 percent premium, the net interest yield becomes 4.34 percent, if the premium on the principal amount is taken into account. However, as it is the practice of the Hydro Board to set up an effectual reserve against the possible premium on U.S. funds at maturity, the premium received at issue on the principal amount hedges the issue to a premium of about 15 percent premium on the U.S. dollar over the life of the issue.

As the books of the Province will not be closed for over two months, it is not possible to give a final analysis of the experience for the fiscal year now drawing to' a close. However, on the basis of past experience to date, with a knowledge of, existing trends we can make an estimate of the probable final position.

Revenue

The total revenue for the year will be substantially in excess of that originally estimated. At the time of the last Budget, a total revenue for the fiscal year of $136 million was forecast. It now appears that this will be substantially greater and will reach $142 million - an increase of about $6 million.

While increases are to be found throught, the headings under which substantial increases from estimates are to be found are listed in the Budget Speech and members will probably wish to read them for themselves.

* Gasoline Tax
* Tobacco. Tax
* Corporation Income
* Tax Equalization and Stabilization
* Water Power Rental
* Forest Revenue
* Mining Royalty. Tax
* Auto and Drivers’ Licences

The only decreases of consequence were:

* Succession Duties
* Liquor Control
* Game and Fur Revenue

Expenditure

Information now available from Departments shows prospects for a surplus on current account in the 1963-64 fiscal year of about $10 million. In accordance with the established practice, this amount will be carried forward into the next fiscal year.

This surplus follows from the increases in revenue previously referred to, coupled with a decrease of expenditures of about $4 million. The main estimates for 1963-64 totalled $136 million. The last revision made a few days ago indicates a total expenditure of about $132 million.

Revenue and Expenditure, 1964-65

Now, I come to Revenue and Expenditure for the coming fiscal year 1964-65, and the first item under this heading is-

Taxation-

Let me say at once, that I am proposing no new taxes at this time. The past year has seen unprecedented interest in the subject of taxation and the raising of public revenue generally. This is hardly surprising, for the share of all governments from taxes is now about 26 percent of the Gross National Product in Canada -- incidentally, substantially below the ratio in many other developed countries. It is thus a factor of great economic influence. In Canada we have had the Royal Commission on Taxation getting into full stride in the past year in its difficult and complex task of analyzing the national tax system. The first report of the Michener Commission is yet to come before us. Its subject is' the reform of local government organization and finance in this province. In view of the many submissions made to the Royal Commission, we must in logic presume that some changes in our present system will be proposed. Whatsoever these may be, they will require careful study. And if they include the transfer of expenditure from the municipalities to the Province in any substantial degree, the proposals will of necessity be reflected in changes in the Provincial financial position. Should this situation arise, separate consideration of this problem will be required.

In determining our probable revenue position for the next fiscal year, I have taken into account all the pertinent factors on which information was available. They include past performance, economic conditions - past, present and anticipated - public attitudes, administrative efficiencies and legislative changes. In 1964 we anticipate a growth in the gross national products of probably, 5 per cent and this factor has been weighed in the determination of revenue wherever appropriate, although a direct relationship is often hard to establish. We forecast revenue of $151,761,000. A number of increases provide the additional revenue forecast, and I give a list, of those items we are expecting revenue increases on the present tax basis.

There are some losses and I estimate what those will be.

* Gasoline Tax
* Motive Fuel Tax Tobacco Tax
* Individual Income Tax
* Corporation Income Tax
* Succession Duties
* Equalization and Stabilization Guarantees
* Transfer of Revenue Surplus
* ARDA Agreements
* Attorney General Fine and Miscellaneous
* Land Title Fees
* Liquor Control
* Forest Revenues
* Mining Royalty Tax
* Unemployment Assistance Agreement

As against these, some revenue losses will likely occur, particularly in the following items:

* Transfer of Deferred Revenue Reserve
* Automobile and Drivers' Licences

The transfer of the deferred revenue reserve was a one-time operation used to close out a static account. The fall in automobile and drivers' licences is due to 1964 being an off-year for the issuance of drivers' licences.

Expenditure

I have referred to the departmental operations in the next fiscal year. Total expenditures on current account will be $151,602,185 - an increase of $15,540,944 over the same estimates for the previous year.

Expenditure for capital works included in this current account is estimated, for 1964-65, at a total of $13.8 million, the highest for several years. This has been instrumental in enabling us to control our borrowings and debt costs at an even more reasonable level than would otherwise have been possible.

With a revenue of $151,761,000 and an expenditure of $151,602,185, I am able to budget for a surplus of $158,815.

Capital Programme

Our capital programme continues in the policy established over the years we have held office.

As I noted in 1963, we have been most careful in our borrowing policy, and again I use as an example the Floodway. No one, I am sure, will deny that it is an asset of great importance, but I have chosen to regard its ability to earn revenue as indirect. Therefore, as has again proved possible this year, although it may not always be so, I have charged the Provincial costs to current account.

Details of the capital programmes of the various departments and agencies will be dealt with by the Ministers concerned when these matters come before the House. I can only reiterate that I regard the role of government in the capital investment structure as an increasingly vital one. Without it our economy simply could not flourish for public sector expenditures are too much a part of our system. What we must do is to achieve the best that we can from a happy and co-operative partnership of private and public enterprise - the sort of partnership on which this country was built. Only in this way can we hope to achieve the social and economic goals which are so essential to our future. The appropriate table of capital authority requirements for the year 1964-65 has been included in the appendix to this Statement.

THE DEVELOPING ECONOMY

Now, I come to some remarks, Madam Speaker, on the developing economy,

For the country as a whole, the total labour force has grown in the past decade by 1.4 million workers. Since 1953, while about a million more workers have found employment in Canada, many established trades and occupations have declined sharply, or disappeared. As the work force has grown, many more people have been employed annually, yet in spite of the tremendous efforts by government, industry and labour, there were on the average still about 370,000 Canadian workers unable to find jobs in 1963. In a period of expanding economic activity it has taken increasing emphasis on industrial promotion and development, and a substantial investment of money and personnel, just to keep pace with the growth in the work force. Each year, it is taking even more money and man-power to plan and implement measures to replace jobs eliminated through constantly increasing introduction of new industrial techniques.

That's Canada.

Manitoba has shared that experience. Our rapidly diversifying economy has accelerated emphasis on industrial and service enterprise. Since 1953, an estimated 21,000 more people have found jobs in the Province as the annual employment totals have risen. At the same time, the mechanization in agriculture and the automation in industry have continued to shift many thousands of workers, first from primary to secondary industry, and now in increasing numbers to service industry from manufacturing. The overall growth in the Provincial labour force has still been about 4 percent beyond the net increase in employment - about the same as for Canada over the decade.

Industrial productivity per man has risen sharply each year as automation and other capital applications have been combined with the growing work skills of those now being employed. In fact, only in technical and service industries has it been generally possible to develop new trades and occupations faster than an equally impressive rate of displacement through technological innovation. While expanding incomes and spending have supported record consumption, the industrial work force required to meet this expanding demand has been largely stabilized. The industrial development programmes of government and private enterprise have contributed to this increased material productivity from new and modernized industry. Thus we are faced with the continuing problem of finding jobs not only for new workers but for the constantly shifting forces of employed workers. This was clearly set out by the report of the Committee on Manitoba's Economic Future and has been stressed by the Government. I have emphasized that we cannot rest on achievements and that we have no possible excuse for complacency.

The task is not merely a matter of increasing the number of jobs available. In a highly mobile and dynamic economy, established skills and occupations are constantly disappearing, and the rate of change is rapidly increasing. The jobs eliminated by progress have to be replaced and the employees affected have to be re-employed - often possible only after substantial investment of new capital and extensive retraining of the workers.

Our economy is not static and the labour force required to work in it must be equally mobile and dynamic. The entire investment of the Government inhuman resource development is aimed at the creation and conservation of these necessary capacities. All sectors of the economy must continue to work together in meeting the increasingly complex requirements that new enterprises place upon the work force. The future holds for all maturing economies the necessity of keeping pace with the demands of change as well as of growth. This will temper the gain in overall employment as the replacement of jobs becomes increasingly important. The Committee on Manitoba's Economic Future has set out some of the targets at which we must aim. The Government has moved to provide new in­struments and new techniques required. At the same time, the essential participation of the entire community has been re-emphasized in our programmes for economic development.

A very great deal must be done. Few if any of the tasks will be easy nor will the achievements necessarily be recorded in dramatic statistics. Our objective is to stimulate the creation and maintenance of fruitful employment for all who have the capacity and the will to work. This is a goal for which all must strive for its achievement is the basis of progress and prosperity for all.

CONCLUSION

Against the background of a second straight year of substantial prosperity, it would be difficult to be less than optimistic. When that optimism - which, indeed, I do feel - can be based on a broad, spectrum of achievement in agriculture, in trade, in resource development and in all the related industries and services, it is easy to anticipate a substantial continuity of prosperity. However, Madam Speaker, I make no apologies for the cautionary word that I must now offer.

In this Budget, I have continued to stress investment as a vital function. I have emphasized that public investment must be matched - indeed more than matched by far - in private commitment of energy, resources and sustained effort. If we are to achieve any or all of the bright goals suggested to us by the Committee on Manitoba's Economic Future, this effort must be made by all of us working in close co-operation. Initiative cannot and must not be left exclusively to Government in our conception of a free and effective Society.

The challenge of the moment and for the foreseeable future is one requiring unstinting effort and imagination, creative and diligent endeavour. We have more than one third of our population in the labour force today. Of these men and women, many must be given both the opportunity and the encouragement to retrain and up-grade their skilled capacities if our economic enterprise is to succeed.

We can expect continued growth in our general strength, but only if we avail ourselves of every relevant item of knowledge and apply it in considered judgement of the future. A boom in economic activity has been too often followed by a lower cycle of retrenchment and frustration. This need not happen. But wishing will not ensure the future progress we desire. There are no clearly marked routes, no smooth or effortless climbs over easy slopes. The hard facts of economic life are as real in their presence in prosperous times as in other circumstances. We do not solve our problems by passing over them. The problems are still with us. They are like rocks in a channel over which a ship can pass smoothly at highest water. But only careful pilotage can assure a safe passage in normal times.

I expect the high level of economic activity to continue, if at a more restrained tempo in the year ahead, I have no illusions that all the rocks are cleared from the channel. It is, however, my pledge that we shall take every step to ensure that our future progress shall not be forfeited to complacency in the present.

Madam Speaker, after this rather exhaustive review of the economy of the Province and our future hopes, and after placing before the Chamber our views with respect to the requirements of the Government of Manitoba, both those related to the expenditure side of our statement and those related to the revenue side of our statement, I have the honour to move, seconded by the Honourable Minister of Industry and Commerce, that Madam Speaker do now leave the Chair and the House resolve itself into a Committee to consider of Ways and Means of raising of the Supply to be granted to Her Majesty.