|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Province*** | ***Législature*** | ***Session*** | ***Type de discours*** | ***Date du discours*** | ***Locuteur*** | ***Fonction du locuteur*** | ***Parti politique*** |
| Manitoba | 27e  | 5e | Discours sur le Budget | 24 Mars 1966 | Duff Roblin | Premier ministre et Trésorier provincial | Progressive Conservative Party of Manitoba |

Madam Speaker, the budget which I introduce at the present reflects a sound provincial economy and gives us reason for great confidence in Manitoba's future economic growth. The economic record established in 1965 is one of the best in our history. Although problems arising from economic development are still with us, we can now forecast important advances in 1966. The means are at hand to justify solid confidence.

Our future progress, however, can be much better if we are able to develop the most productive combination of policies not only on the part of the Government of Manitoba but in co-operation with the National Government and the private sector of our economy as well.

Nineteen sixty-five itself was a record year for employment, production and income in Manitoba. The number of people at work increased by 10,000 according to a reliable federal source - the best single year gain on record. Indeed, with almost full employment, shortages of skilled labour developed for a number of our industries.

Gross farm output was $467 million and farm cash income was $331 million, an increase of 12% over 1964. .

Mineral production was $182 million, a rise of 4.6%; electrical energy generated increased by 10% to 5.5 billion kilowatt hours; factory shipments of manufactured goods rose from $971 million in 1964 to $1 billion in 1965 - an increase of 3%.

Retail trade grew to $1.007 billion, up 3.7%. New life insurance sales reached $250 million for an increase of 4. 1%.

Personal income, perhaps the most significant factor of economic progress, grew to $1.83 billion with the increase being substantially in line with the Canadian average.

Gross provincial income reached $2 1/2 billion in 1965, an increase of 8.6%, which again is in line with the 9% increase last year in the gross national product.

1965 expenditures on new and repair capital investment totalled $750 million. This represents an increase over the previous year but reflects the completion of hydro-electric investment at Grand Rapids and declining outlays on the Red River Floodway. The vast new capital projects announced for the Nelson River and the forest industry will soon greatly augment investment. Even so, overall investment reached 30% of estimated gross provincial income in 1965 as compared to 31.8% of the gross national product for Canada.

FISCAL PROPOSALS FOR 1966-67

The most significant comment that can be made on the economic performance of Manitoba in 1965 is that it provides the base on which the 1966-67 expenditure estimates rest. A "total" expenditure of $298 million, which is the largest in our history, is now under consideration. This recommendation exceeds last year's estimates by $52.9 million or 21.6 %. For the purposes of easier comparison, I also give the increase in terms of the "present" accounting system. In this case the amount of the increase will be $45.6 million or 24.6%. A copy of the statement made when the estimates of expenditures were presented last month is given in Appendix 1.

What is immediately obvious is that the growth policies followed by this Government over the last eight years are paying off. In less affluent times we have not hesitated to spend on education, roads, resource development and human betterment. These policies have greatly contributed to the overall growth of the provincial economy both in the public and private sector.

As a result our economy, in turn, is now generating sufficient tax revenue to support greatly increased provincial expenditures, including a large new capital investment program being charged to current revenues and, at the same time, permitting selective tax decreases.

No increases in taxes are therefore proposed in this budget. Indeed, certain taxes and fees are being reduced, and at the same time, provision is made for a fully balanced budget with an estimated surplus of $169 thousand.

Our prime consideration is to achieve a level of provincial expenditure that meets essential public needs for services and investment. Secondly, with buoyant revenues and with regard to current market conditions, we are balancing our budget both on current and capital account from current year income and surplus. No direct government loan authorizations are sought. Thirdly, in concert with the other two factors we propose to provide tax and free reductions where they are most needed.

To this end: Grade Xll examination fees are removed; licenses on school buses of local authorities are to be reduced to a nominal amount; fees for teacher training are removed a $1,000 concession of pari-mutuel tax for agricultural societies will be proposed; tax on fuels and energies for domestic space heating has already been removed.

Our first consideration has been to free domestic heating from tax. The individual home-owner pays his heating bills from his take-home pay after tax deductions. He is not able to shift the burden of this tax in whole or in part, as a personal income tax expense. Commercial users on the other hand treat heating costs as an expense deductible from income before tax and to this extent they may shift the burden. It has therefore been thought just that the tax on domestic heating be removed as soon as the revenue position made such relief possible.

Manitoba continues to enjoy a relatively lower level of combined provincial and municipal taxation. Table 1 indicates our position in this regard in per capita terms, and I will give the significant figures, Madam Speaker.

The favourable position enjoyed by our citizens and industry is substantial as compared to all but one of the provinces from Quebec to British Columbia. Manitoba remains a good place to live and a good place to do business in terms of the burden of both provincial and municipal government. This is a positive force for development that some of us do not sufficiently emphasize.

EXPENDITURES 1966-67

I shall not recapitulate the highlights of the expenditure recommendations. The statement of proposed expenditure (Appendix 1), the White Paper on Education (Appendix 2), other ministerial explanations and the estimates themselves are before the Committee.

However, some comparisons and comments will help to give the broad perspective of emphasis on growth in recent years. Table 2 portrays the facts with respect to education. This Province is now spending on education alone the equivalent of 80% of the total provincial budget eight years ago. For example, provision for University student grants has risen from $69,000 eight years ago to $515,000 today. 39% of our University students now receive some form of federal or provincial aid or loan.

1,128 general hospital beds have been added in Manitoba since 1958. The investment in new hospitals spent or committed for spending over the last eight years now amounts to $61.5 million. Table 3 indicates the trend of our expenditures for the Manitoba Hospital Commission. It will be noted that over eight years the contribution from the Provincial Consolidated Fund has increased by more than three times, much more than the federal share and very much more than premium income.

Table 4 records provincial spending for all our health services. These increased from $35.6 million in 1958-59 to $69.7 million in 1966-67. It is noteworthy that expenditure for mental health services registers the largest rise of 115%.

Table 5 gives the record on provincial welfare expenditures. A principal reason for the increase to $29.6 million in 1966-67 is due to our policy of providing better services to our elderly citizens. Hospital coverage is extended without charge to over 68,000 citizens. Some 24,000 elderly persons and social allowance beneficiaries receive complete health services at public expense under the present Manitoba Medicare Plan.

Other noteworthy functional expenditures of the Government since 1958 are: An investment of $259.1 million in highways, roads and bridges, with a further $40.4 million proposed in 1966-67. In this period three hundred and forty-six miles of new provincial trunk highways were added. In addition, improvement to six thousand miles of provincial highways and roads was carried out.

Provincial investment has stimulated construction of eighty-two elderly person's housing, hostel and care projects. These projects can accommodate 4,536 persons. A further twenty-three projects are being proposed for the coming fiscal year.

A total of $52 million has been invested in flood control and water resource works and $8 million spent on major drainage projects.

REVENUE ESTIMATES 1966-67

The total estimates of revenue for the year 1966-67 amount to something more than $298 million. They thus provide the means to meet our expenditures and to permit an estimated surplus of $169,000.

Provincial tax revenues account for $198.7 million of this total and represent an increase of $30-1/2 million over the current year. Shared cost receipts from other governments, mainly Canada, rise to $77 1/2 million, an increase of $10.7 million over 1965-66. Revenue surplus account contributes $22 million; it includes $11.6 million more than the current year's estimates Provincial income taxes, estate tax and equalization increase $21.4 million or 30%.

Revenues from gasoline, motive fuel, tobacco and amusements and The Revenue Act, 1964, Part 1 rise by $7.7 million or 16%. Natural Resource royalties and fees increase by $1 1/2 million or 20%. Table 6 relates these trends.

The detailed breakdown of revenues from the federal-provincial tax collection agreements and the 1964 fiscal arrangements are given in Table 7.

The buoyancy of the provincial economy reflected in these revenues for the ensuing year can only be described as gratifying. The importance of the equalization principle to Manitoba is also placed in perspective.

PROVINCIAL PUBLIC UTILITIES

MANITOBA HYDRO-ELECTRIC BOARD: Manitoba Hydro has added 674,000 kilowatts of generating capacity since 1958 - up 100% in eight years - including major additions at Grand Rapids and Kelsey. A fourth generator at Grand Rapids will add a further 110,000 kilowatts in 1968 to meet future load growth, now at a rate of about an 8% per annum.

Over the period, major extensions were made to the transmission grid and distribution facilities generally; extensions of the high-voltage lines to Thompson in north-central Manitoba and to The Pas are planned. Lower rates to customers currently served by diesel generators will result. Electrical rates were reduced recently throughout the northern diesel electrical system including The Pas. Further reductions will progressively follow. In 1965, electricity generated in Manitoba - both hydro and thermal - was 69% greater than in 1958; total customers of the Board and Winnipeg Hydro increased from 263,094 in 1958 to 303,721 in 1965, up 15.4% over seven years.

Domestic and farm electricity consumers in Manitoba, according to the latest data for six provinces paid the lowest charge per kilowatt hour of annual consumption from Quebec west. The chart is in the material here.

These data also reveal that our commercial and industrial customers paid the second lowest charge per kilowatt hour of annual consumption among the provinces.

MANITOBA TELEPHONE SYSTEM: The record of the Manitoba Telephone System is impressive. It has increased telephones installed from 251,000 in 1958 to 352,000 in 1965, or by 40%. Eighty-seven percent of all our telephones are dial; conversion to dial proceeds steadily. Improved service was extended in 1965 to 10,000 customers in rural areas by an investment of $2.5 million. The number of telephones on multi-party lines is being rapidly reduced. Direct long distance dialing service is being extended beyond Metro Winnipeg. The number of business telephones installed outside the principal centre increased 100% over the last eight years, thus testifying to important business growth throughout the province. Monthly rates of the Manitoba Telephone System are the lowest or are in the lower range of those of all provinces from Quebec west.

MANITOBA SCHOOL CAPITAL FINANCING AUTHORITY: Legislation has been presented to establish the Manitoba School Capital Financing Authority. It is designed to reduce the servicing costs paid by local school bodies on their new buildings. This will be achieved by the Authority accepting local school debentures and.at the same time, issuing an equivalent amount of its own securities. The Authority will have first priority on funds available from the Canada Pension Plan Investment Fund.

MANITOBA AGRICULTURAL CREDIT CORPORATION: The Corporation since 1958 has advanced $34 million in long-term credit to farmers. Repayment of principal and interest due is exemplary.

WATER SUPPLY BOARD: Since its inception in 1959 the Water Supply Board has been requested to supply potable water to 54 communities. Services are complete and in operation in 22 communities.

ALL CROWN AGENCIES: In sum, the revenue generating and self-sustaining provincial Crown corporations represent a vehicle of progress through which some $436.9 million has been invested since 1958 to the great advantage of our people and the Manitoba economy.

CAPITAL BORROWING

When I reported to the House last year, the net public debt or social investment serviced by our taxpayers through the Consolidated Fund was $187,858,000 on December 31, 1964. It can now be reported that the net public debt as at March 1, 1966, stood at $186,178,000 for a decrease of $1,680,000 from the previous report, as Table 10 discloses.

A further reduction of $264 thousand has occurred so far this month, and we are hopeful that a reduction of at least $8 million can be attained in 1966-67.

Table 11 indicates the composition of the net direct debt. It shows that investment in new roads and bridges is by far the biggest item representing 85.4% of the total.

With our provincial tax receipts anticipated at $198.7 million for 1966-67, exclusive of revenue surplus and shared-cost receipts, our outstanding net debt is less than our tax income in a single year. In fact, our debt servicing charges represent only 4.5% of annual expenditure versus 4.2% in 1958-59.

For 1966-67, no new direct debt authority is sought. We have made sufficient provision for all direct capital costs from current revenues. This policy is particularly appropriate under present money market conditions and in view of buoyant provincial revenues.

SELF-SUSTAINING INVESTMENTS

In addition to the net direct public debt which is supported from tax funds, account must also be taken of the self-sustaining investment guaranteed by Manitoba. As Table 12 shows, by far the larger part of our guaranteed debt arises from investments by the Manitoba Hydro-Electric Board and the Manitoba Telephone System. These investments are classified as part of the guaranteed debt of the province but represent no charge on the consolidated fund. In some jurisdictions these items do not enter into the Public Accounts at all as the services are operated by private enterprise. In Manitoba, Hydro and Telephones while publicly owned and oper­ated, represent no burden on the taxpayer. They supply services to users at a cost among the lowest in the nation.

Owing to the needs of the Nelson River program and the Manitoba Telephone System expansion among others, the volume of investment guaranteed by the province will continue to grow. It represents, however, not a tax burden but again from economic investment.

Table 12, as I have stated, gives details of our present position in this regard. The Manitoba Telephone System 25-year, 5% coupon bond issue, for $14 1/2 million U.S., with an effective interest cost of 5.21%, was arranged for delivery in January last. This indicates that the credit rating of Manitoba is excellent.

Authority will be sought for $165 million in 1966-67 for new self-sustaining investment: $100 million is for the Manitoba Hydro-Electric Board; $50 million for the Manitoba Develop­ment Fund; $14.8 million for the Manitoba Telephone System; $200,000 for the Water Supply Board.

In addition you will be asked to approve a guarantee of $14 million for educational authorities to be financed from Canada Pension Plan funds.

PROVINCIAL ASSISTANCE TO LOCAL GOVERNMENTS AND THEIR RESIDENTS

The close fiscal ties between the Province of Manitoba and its local governments are shown in Table 13.

In 1966-67, 63% of provincial outlays from current income or $187.3 million is for the purpose of direct grants or financial transfer payments to local governments, provision of direct services or facilities within municipalities, and payments to their residents. These sums contrast with similar provincial expenditures of $60.8 million or 56% in 1958-59. Thus over eight years provincial funds so devoted have increased by 208%.

Some of the highlights of our expanded fiscal aid to local governments and their residents since 1958-59 are:

General grants (including those in lieu of taxes) up from $2.7 million to $4.2 million, an increase of 56%;

All facets of education (exclusive of higher learning) up from $16.2 million to $69.9 million, an increase of 330%. And here's a figure I'm sure will interest members: the province now accepts over 60% of total local school costs in grants including school tax rebates compared with 31% eight years ago;

* Welfare is up from $10 million to $27 million, an increase of 171%;
* Health is up from $27.2 million to $53.9 million, an increase of 98%;
* Roads and bridges are up from $3.3 million to $13.3 million, an increase of 303%;
* Other local governmnt services are up from $1. 4 million to $18.8 million.

Our aid to local governments, including municipalities and local school jurisdictions and their residents, increased over eight years from $69.52 per capita to $194.75 per capita or by 180%. During the same period, however, local government authorities have also had to meet rising costs in providing today's standard of services. The increase in total local government levies from 1958 to 1965 is 73%.

At the next federal-provincial conference Manitoba will seek the means to absorb from the local taxpayer the balance of the education foundation program costs at present supported by local rates. Our long-term policy will be to transfer 100% of the foundation school program cost to the general provincial tax base, subject of course to appropriate Dominion-Provincial tax sharing.

DOMINION-PROVINCIAL RELATIONS

We may expect 1966 to be a singularly important year in federal-provincial fiscal relations.

In its first report the Economic Council of Canada clearly established that provincial and municipal needs for essential public services are rising relatively faster than those for federal services and will continue to do so. This view will undoubtedly be confirmed by the joint federal-provincial tax structure studies now approaching their conclusion. Thus a factual basis is pro-vided for the new federal-provincial tax sharing arrangements for the five-year period to 1971.

The legitimate requests of Manitoba therefore, for greater fiscal elbow room is a soundly based case in both, the national and provincial interests. Adjustments in favour of the provinces I appear irresistible.

It is to be hoped that the long awaited report of the Carter Commission on tax reform will shortly be available for joint Ministerial consideration. We look forward to co-operating with the federal government and other provinces in achieving a new and more rational tax system for Canada, and one better calculated to promote growth throughout the nation and to provide essential public services at the federal, provincial and municipal levels.

Manitoba will seek a better federal-provincial tax agreement to strengthen the present equalization and floor arrangements. We believe that account should be taken at variable provincial natural resource and other revenues to benefit the less affluent areas rather than to penalize the affluent provinces. The aim of equalization must be extended to include ways and means to assist provinces like Manitoba to follow policies that promote their growth and develop­ment. It should be noted that the overall equalization payments to less affluent provinces at present amount to only 3% of the national budget. Manitoba's estimated equalization receipts per capita in 1966-67 are the second lowest.

This Administration is deeply concerned at the weight of school costs on local ratepayers.

While local taxpayers carry less than 40% of total public school costs in Manitoba today, the absolute burden in dollars is reflected in some areas by rising school rates. We will propose that the provinces receive further fiscal means to absorb those school tax liabilities for a foundation or basic level of educational services now paid for by municipal taxpayers.

Manitoba fully recognizes the fundamental requirement that federal-provincial tax sharing must preserve and secure the federal power to govern the Nation. Canada must have fiscal means to regulate the national economy. This implies sufficient fiscal resources to support national policies that promote regional growth and development.

Tax reform must proceed hand in hand with federal-provincial tax sharing so that we may reconcile federal, provincial and municipal needs. Manitoba is prepared to give full co-operation to the federal government and to other provinces to achieve a more effective overall national tax structure.

NATIONAL POLICIES FOR REGIONAL GROWTH

There is one aspect of federal-provincial relations that requires urgent and prime attention. I refer to the obvious need for national policies to promote regional growth, and in particular the growth of Manitoba. Our rate of growth in population and the like, despite whatever we may do ourselves, is dependent on national policies that are beyond provincial control.

Per capita personal income, which is regarded as one of the more significant indicators of economic progress, is generally keeping pace in Manitoba with national trends, but this should give us no reason for complacency.

Manitobans do not exist in a vacuum. We are a vital economic and social part of the larger Canadian community. National policies can and do promote or inhibit the various regions. Indeed the chronic problems of our province have roots deep in our national economic history. Over the years we have sought with indifferent success to influence national policies so that Manitoba might make the greatest possible contribution to our country.

The Second Report of the Economic Council of Canada deals with the question of balanced growth for each Canadian region. It indicates that regional disparities in Canada have existed since Confederation. They exist today and unfortunately they are not diminishing.

Studies of two federal states, the United States and Australia, while disclosing regional disparities, reveal clearly that their disparities are steadily shrinking. National policy in those countries is designed to that end. The Economic Council of Canada has called for new Canadian policies to reduce our regional inequities. This supports the frequently emphasized policies of the Government of Manitoba.

We have a clear duty to help ourselves. But the 1966 report of the Economic Council again emphasizes the fact that we cannot achieve our objectives without favourable national policies. Let it at once be said that the federal "banking" assistance for the Nelson River project and the Area Development Incentives Act are welcome moves, but much more federal comprehension of regional needs is necessary.

National policies have greatly assisted other areas. Tariffs for central Canada; the so-called automobile North-American free trade policy and the Atlantic Provinces Development Fund are examples. Manitoba supports any reasonable national effort to enhance the prosperity of other parts of our country, but we insist that comparable new national policies to help our region are in the national interest and essential to our economic future.

Agriculture is one of the areas of concern. Manitoba has called for a National Conference on Agriculture in the style of the "Resources for Tomorrow" Conference. Many new provincial initiatives for agriculture have been introduced over the last eight years. More are proposed in this legislative session. A national conference, as we have proposed, could be a productive step in co-ordinating national and provincial policies in the whole field of agriculture.

On a smaller scale, the new proposals we are making for an ARDA pilot project in the Interlake region would be helpful to agriculture there and provide a basis for expanded national policy.

Since 1870 transportation costs have been vital to Manitoba's economic growth. Our efforts to develop natural resources have underlined sharply the effect of freight rates on economic progress of this province. We have called for a federal-provincial working party to establish developmental freight rates for north-south movement of commodities within Manitoba, and to examine the expansion of the port of Churchill. We have emphasized the many aspects of the retention of the Air Canada base at Winnipeg. Far more than air line economics is involved. The importance of skilled labour at this base is very Significant to our regional progress. A recognition of the natural air geographic advantages of Manitoba is also long overdue.

We have called for a renewal of the Roads to Resources program. It is vital to the rapid development of the mineral, forest and tourist potential of our Pre-Cambrian shield.

These examples illustrate how national policy can assist Manitoba. If to them is added, through tax sharing and equalization, the means to support further provincial initiatives in economic development, we can make progress toward narrowing the gap in regional growth. Manitoba needs and wants a larger share in the economic opportunities of Canada; economic justice for all regions is an essential aspect of national unity in 1966. We are prepared at any time to sit down with the national government to work out the practical application of joint policies which are fair to the nation as a whole and which win accelerate the development of this region. Narrowing the gap between economic areas is vital to national unity and to the Canadian identity.

OPPORTUNITY

Make no mistake about it; we as a Province have our own responsibilities. We seek national policies to assist regional progress but we must do all we can to help ourselves. Since 1958, and notably in the public sector, large increases in human and natural resource investment have been made by Manitoba, and these are producing noteworthy results. Education has been expanded both in quantity and quality; self-sustaining investment for electricity, for telephones, for scientific and technical aid and credit facilities for agriculture, industry and tourism, water supply, recreation facilities and social services have made life more worthwhile and generated income and jobs.

With or without the enlightened national policies we seek, Manitoba must push ahead on its own as energetically as it can in this decade of challenge.

The great new opportunity is that of hydro-electric development on the Nelson River. It has been one of our main objectives - and I stress this - to devise economically and technically sound developmental policies for the hydro-electric potential of the Nelson; 1966 will witness the start of this massive project, the largest single natural resource project in the economic history of Manitoba. The first phase requires the development of over one million kilowatts at Kettle Rapids at a cost of over $300 million. The ultimate development can be confidently expected to provide something over five million kilowatts of electrical energy with an overall cost of about $1 billion.

The Government of Canada is co-operating with us in financing the Nelson River project as it has already done in the preliminary studies. Canada assumes responsibility for the installation of the transmission line at a cost of about $120 million. There is, however, no element of subsidy in the proposal. Manitoba Hydro-Electric Board will repay fully, interest and principal on the federal loan. No burden will be placed on provincial or federal taxpayers.

The benefits of the Nelson River to Manitoba are many and varied. Low cost power will be provided for the homes and farms and factories of Manitoba for the rest of the 20th century with all that this implies to our people.

The Nelson project is also much more. It will provide an opportunity for greater provincial economic growth. Its effect on our immediate and future prospects cannot be exaggerated. It gives an opportunity for a new impetus to provincial progress.

A second and major forward step into the future is a new integrated forest industry complex for northern Manitoba. Investment of $100 million is involved when fully developed and it will put into the productive stream large areas of our unused northern forests.

These two projects alone, the Nelson River and the new forest industry, will provide thousands of new jobs in Manitoba and require very large quantities of new supplies and services. Greater opportunities for our Indian and Metis citizens and other Manitobans are thus created. The cumulative economic effects of this investment will be felt throughout the whole of our provincial economy for many years to come.

While these two projects are the most spectacular, steady progress is reported in mining, tourism, manufacture, retail trade, agriculture, and industry generally. Their record of advance since 1958 is recorded in Table 14.

If these new opportunities are to be maximized they must be complemented by new pro­vincial growth policies. The first of these is to establish the Nelson Agency. Actual con­struction of the hydro-electric system itself remains the function of The Manitoba Hydro­Electric Board but certain general aspects of our Nelson project are best handled separately.

The Nelson Agency will supply a manpower inventory for the thousands of jobs that the hydro-electric project will create, directly and indirectly. We shall endeavour to relate these requirements to the output of our overall educational training facilities and to provide greater opportunities for our Metis and Indian citizens.

An inventory of material and services required will also be prepared to assist in developing, so far as is practical and reasonable, a "made in Manitoba" source of supply.

The Nelson Agency will also have special responsibility in the development of new commercial and, industrial uses for electric power within the Province. We intend to use as much of our electrical energy within Manitoba as possible. The coming abundance of econo­mical electrical energy must be integrated with expanding secondary industries throughout Manitoba. In sum, the Agency will promote the economic and social benefits that will flow from the harnessing of the mighty Nelson River.

A second innovation for development is a Youth and Manpower Agency. Here the emphasis is on opportunity for training our people to meet the needs and expanding potential of our economy. The functions of the Agency are "staff" rather than "line" operations, It will endeavour to maximize the use of all our training facilities by co-ordinating the services now available. It will blueprint our youth and manpower problems and needs with the aim of pro­posing new policies to be implemented by the operating departments and agencies. It will assess program results. It will also associate youth in particular as well as labour, management, agriculture and the community in general with the evolution of policies and programs for the development of our human resources potential.

A third innovation will provide new incentives for mineral exploration.

Another major proposal will be to establish an industrial Research and Development Park.

This new facility will enable our industry to keep up to date with the latest technical and scientific methods and provide resources to solve cognate problems. A conference is to be called for this purpose.

We will propose, in the context of federal-provincial discussions, enlarged provincial capacity to support research and development not only in applied industrial research but also in terms of other skill and research activities. A much larger investment in the skill of our people is a requisite for our economic future: the necessary resources to permit this must be found.

We must redouble our efforts to have an efficient, highly trained and specialized labour force which will attract technological and research oriented industries. We live in an innovating world. Space-age developments illustrate this. Manitoba must make a special effort to develop its own research and skill centres that are related to our resource bases and to specialized industries. We seek a low-cost, high-wage economy to use the skills of our people and to expand the industrial base. A national policy to promote such a research and skill reservoir for our region is surely more than justified. Federal co-operation with extended provincial efforts seems necessary if the desired scale of industrial and scientific research is to be achieved.

A new structure for the Manitoba Development Fund is also proposed that will greatly extend its scope and resources. Under its present authority it has made a sound contribution to help enterprise grow. Several thousand new jobs and millions of dollars of new production may be attributed to its influence. Its investments have proved sound. A new directive will enlarge its area of operation and capital resources. I warn the House that there will be increased risk-taking, but I am confident that there will be equal and new effectiveness in its operations.

Further new industrial and service initiatives are to be recommended. We propose the establishment of a Growth Account further to assist the progress of the private sector of our economy. The Growth Account will be financed from the use of our energy resources of the Saskatchewan-Nelson River System. As Members know, Manitoba receives water rentals from the use of these rivers by the Manitoba Hydro-Electric Board. It is intended. to use these new revenues to finance the Growth Account. As our harnessing of this great river system proceeds so will the funds available to the Growth Account. Initially this Account will be used to improve the general productivity of our economy, through upgrading of personnel, the modernization of plant and equipment and diversification of product. More intensive manufacture in Manitoba of our raw materials, assistance to beginning industries or even freight rate subventions may be advisable. With the principles of growth assistance, experience must play a large part in implementation. This policy breaks new ground in Manitoba. The requirements of existing industry and of our regional growth centres will not be overlooked.

The proposed Agriculture Productivity Council and the new Farm Business Advisory Service are intended to stimulate and aid our farmers in the essential task of improving productivity.

While developments in other sectors of our economy may, from time to time, be more spectacular, agriculture remains the backbone of our economy'. Based on progress made in the last few years, the importance of our agricultural population to Manitoba's growth promises to become even greater. Markets are expanding. Our production is growing. It remains only for us, as a province, to capture a larger share of this strengthened market. And, here again, we have every confidence that Manitoba agriculture win stay in the forefront of changing methods and improved organization. The possibilities for further expansion of agricultural production are very large indeed.

Another potential growth area to which we intend to assign more emphasis is tourism and recreation. It has major possibilities. To this end a new Department of Tourism and Recreation will be proposed. New tourist development plans will be placed before the House in due course.

When these several developmental proposals are added to the new expenditure appropriations sought and to the enlarged programs for education, agriculture and conservation, roads, industry and commerce, mines and natural resources, no one can doubt that Manitoba is firmly launched on a continuing period of expansion. New public investment and policies are to be applied to make the most of our opportunities.

For Manitoba to be fully successful in these endeavours, it is just as important - indeed more so - that our private commercial and industrial sector, including agriculture and other industries, add their unique contribution of enterprise and initiative.

Every sector of our economy must be ready and willing, not only to acknowledge the necessity for change, but also to speed up our accommodation to these progressive times. All must improve their arrangements for progress.

Our economy is buoyant. We have the opportunity and the occasion to do better. Manitoba has new and positive policies for regional growth. Private enterprise and initiative in our free economy will, I am convinced, play their vital part and play it well.

The success of this government's approach to development can no longer be disputed. The years of planning, research and innovation are now providing the basis for sustained expansion. And let there be no misunderstanding on this point. There never was a short-cut to success. Real progress could come only on the basis of the full facts, and we had to be realistic. There were no pie-in-the-sky possibilities. It is a tribute to the people of Manitoba that this approach has been supported so strongly. Labour, management and government can be justly proud of this team effort.

I call, Madam Speaker, for a new spirit of confidence and enterprise, for a renewed faith in ourselves so that we can more perfectly fulfill our own lives and command a better future for the generations yet to come.

And I conclude, Madam Speaker, by moving, 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 for the raising of the Supply to be granted to Her Majesty.