

# TELE-FACTS

Vol. 4

No. 4

## *Some Answers On Taxation*

AN ADDRESS BY

**Hon. E. C. Manning**

February 10, 1967



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**Hon. E. C. Manning:**

Good Evening, Ladies and Gentlemen:

This series of Tele-Facts is for the purpose of keeping you fully and accurately informed about the affairs of your Province.

The administration of the public affairs of Alberta is the biggest business in this Province, and each of you, as a citizen, is a shareholder in "Alberta Unlimited". We, whom you have elected to your government, are your Board of Directors, responsible for looking after your interests. As Chairman of your Board, I am reporting to you each week through the medium of these weekly telecasts. In turn, I want you to take an active part in these weekly meetings by writing in to ask questions or make suggestions or raise any matters that you would like to have put on the agenda. This is the way real democracy should work. So, let's call our meeting to order and get down to business.

First, let me deal with a couple of matters raised in your recent letters. One writer has asked if I'd give a detailed explanation of the "Homeowner's Tax Discount". I'll be glad to do this. I've put it on the agenda for the next meeting.

Another writer drew attention to some criticism at a recent Liberal Convention in Lethbridge where it was charged that Alberta was neglecting Provincial Parks and had no Parks policy. He also recommended that a Parks Authority be established. The facts are these: We have in Alberta 42 Provincial Parks covering 125,500 acres. We have three Provincial Wilderness Parks covering over 1½ million acres or a total of over 1,673,000 acres. Last year, we spent \$1,300,000 on these Provincial Parks, and, in addition, advanced

grants to a number of municipalities to improve municipal parks. Altogether, we had over 3½ million visitors visit these Provincial Parks last year, so you can see that this Province is well in the forefront in Canada as far as a Provincial Parks Program is concerned. To set up another Parks Authority would only be a duplication of the facilities that are already established within the Provincial Department of Lands and Forests.

Another writer called attention to some criticism that appeared in a Lethbridge paper where an N.D.P. candidate referred to an announced \$10.00 increase in rates in certain Senior Citizens' Homes and is reported as having said, and I quote: "The people who built this Province are going to get a pension increase in March and the Provincial Government will start taking \$10.00 a month more from them in February". This, of course, is completely false. The Senior Citizens' Homes were built, furnished and paid for by the Provincial Government. They were then turned over to local municipal foundations which operate the homes. The foundations set the rates and receive 100% of the income from the rates they set. Not one cent goes into Provincial revenues. So there is no excuse for anyone deliberately misrepresenting these well-known facts.

Let's turn to the matters we were discussing when we closed our meeting last week. I was giving you a resumé of Provincial revenues and expenditures and I asked you to notice that in the past year our Provincial revenues amounted to \$613,000,000. The total expenditures last year amounted to \$681,000,000 or \$68,000,000 more than our total income. This difference was made up out of our Provincial Reserves that we have carefully built up over the years for just such a purpose. It is important that you recognize that

our expenditures are now running ahead of our Provincial revenues. While our revenues and expenditures are the highest per capita of any Province in Canada, the interesting thing is that our tax levels, as far as the individual citizen is concerned, are the lowest of any Province in Canada. This, as I explained last week, is because 42% of your Provincial revenue comes from bonuses and royalties from the development of our oil and natural gas resources which last year brought into the Provincial Treasury some \$257,000,000.

I want you to look now at some charts which I think you will find interesting. Chart No. 1 shows the per capita tax burden; that is, the combined Provincial-Municipal taxes in the different Provinces. The dark portion of the chart represents the Provincial taxation, the light portion, the Municipal taxation. You have to add the two together to get the full story of how much the people actually pay. You will notice that Al-

berta's Municipal tax level is the fourth lowest, the Provincial tax in Alberta is by far the lowest, and when you combine the two, Provincial and Municipal together, you find that Alberta's is far lower than that prevailing in any of these other Provinces in Canada.

Chart No. 2 shows the Provincial assistance to Municipal Governments. The light portion of the graph represents the payments from Provincial revenues toward the cost of Education, the dark portion shows payments to Municipal Governments for other municipal purposes. This shows the comparison for the four Western Provinces. You'll notice that Alberta is by far the highest with a total of \$172,850,000 as compared with \$60,210,000 in Manitoba, and varying with the other Provinces of Saskatchewan and British Columbia. For Education, represented by the light portion of the graph, you will notice that in Al-

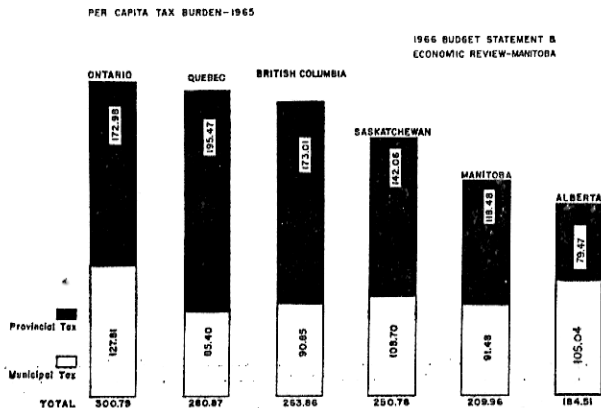


Chart No. 1

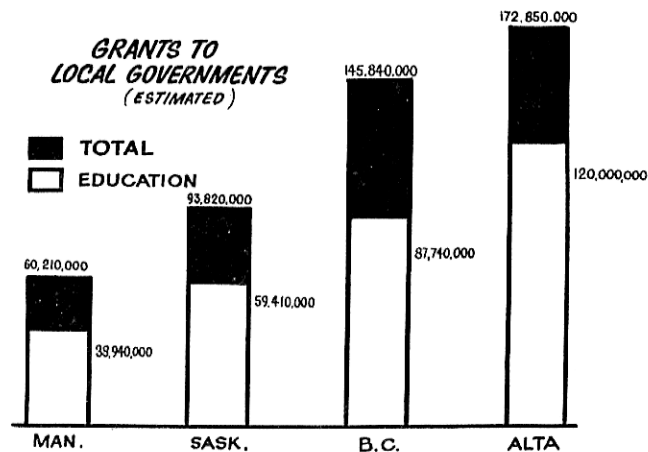


Chart No. 2

berta, we pay out of Provincial revenues toward the cost of Education, three times as much as the Province of Manitoba, twice as much as the Province of Saskatchewan, and almost  $\frac{1}{2}$  as much again as the Province of British Columbia. The portion that we pay to assist in other Municipal purposes, in Alberta includes  $\frac{1}{3}$  of all the revenues we receive for royalties on oil and gas production.

Chart No. 3 shows the total expenditures for Education in Alberta under the Foundation Program. I want you to see the steadily rising costs of Education in 5 years from 1962 to 1966. These educational costs have increased from \$124 $\frac{1}{2}$  million to \$190 $\frac{1}{2}$  million. This is an increase of \$66 million in 5 years which is equal to \$13 million average increase per year. This steadily rising increase in the cost of Education is due of course to larger school enrolments, and also to the higher cost of school operations.

**TOTAL EXPENDITURES  
UNDER SCHOOL FOUNDATION PROGRAM**

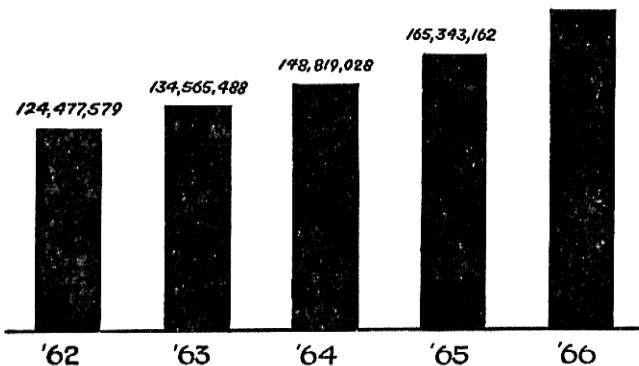


Chart No. 3

**PROVINCIAL-LOCAL CONTRIBUTION TO SCHOOL FOUNDATION PROG.**

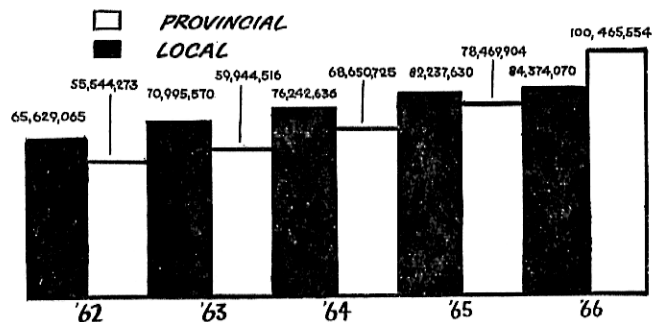


Chart No. 4

Chart No. 4 shows the division of costs under the Foundation Program between the Province and the local Municipal Governments. The dark portion of the graph shows what is paid by the local Municipal Governments, and the light portion what is paid by the Provincial Government. You notice that in the 5-year period from 1962 to 1966, local school taxes have increased by about \$18 $\frac{3}{4}$  million. During the same period, Provincial contributions to Education have increased by \$45 million. That is, for every \$1.00 increase in Municipal taxation for school purposes, your Provincial Government has provided about \$2.50 out of Provincial public revenue.

I noticed recently a suggestion by an N.D.P. critic of the Government that if we would only increase personal income tax a reasonable amount, we would be able to bear 100% of the cost of Education. Ladies and Gentlemen, last year income tax in Alberta, both personal and corporate, produced about \$84 $\frac{1}{2}$  million, so for the Province to pay the total cost of Education by making up

the difference out of income tax, we would have to double the present rates of both personal and corporate income tax.

Chart No. 5 shows Provincial Grants to Universities of this Province for operating costs. You'll notice that these have increased in the last five years from \$8 million in 1961 up to nearly \$24½ million in 1966. This shows the tremendous increase in University enrolment and the fact that your Provincial Government is providing an ever-increasing amount out of public revenues to enable our young people to have the opportunity of acquiring a university education. I call your attention again to the fact that in the short space of five years Provincial grants for operating costs for the Universities alone have increased more than 3 times over from \$8 million to \$24,320,000.

Chart No. 6 shows the payments by the Provinces for construction of buildings at University Campuses. Here we have the comparison

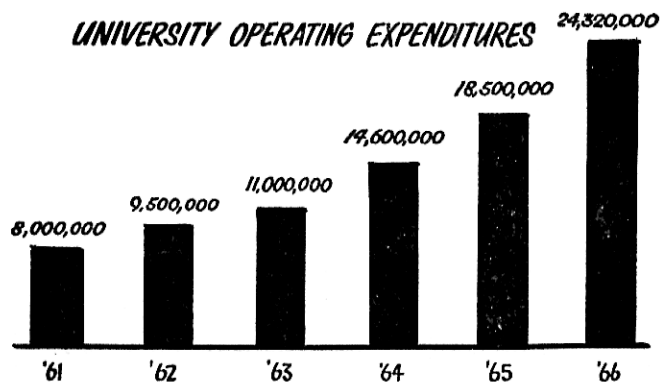


Chart No. 5

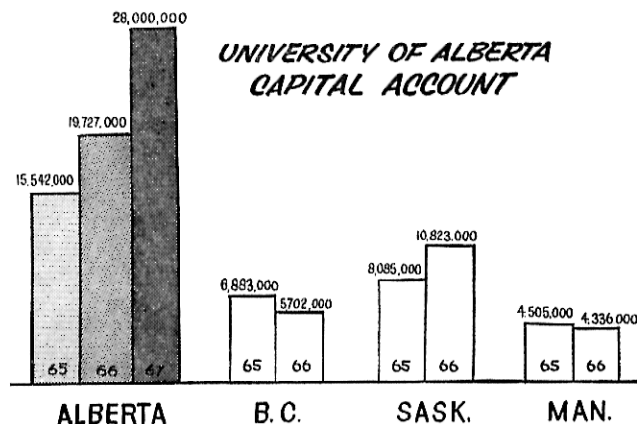


Chart No. 6

between Alberta and the other Western Provinces of British Columbia, Saskatchewan and Manitoba. You'll notice the difference is tremendous. Alberta is by far the highest. In the past two years, Saskatchewan spent \$19 million for University buildings, British Columbia \$12½ million, Manitoba \$9 million and the Province of Alberta over \$35 million. This is payment provided by the Province. These other Universities raised extra money by private subscription and other means. Then you notice that in the current year 1966-67, payments for construction of University buildings in Alberta have taken a staggering jump up to \$28 million

Ladies and Gentlemen, these latter figures or University operating costs and capital costs certainly show how foolish it is for any critic of your Government to say that the Social Credit Government isn't interested in higher education and is anti-intellectual or is not doing its proper share in providing higher educational facilities. The cold

hard fact is that we are providing for both operating grants and capital construction at Universities in this Province more by far than any of the other Provinces in Canada if you look at this on a per capita basis or any other fair comparison.