

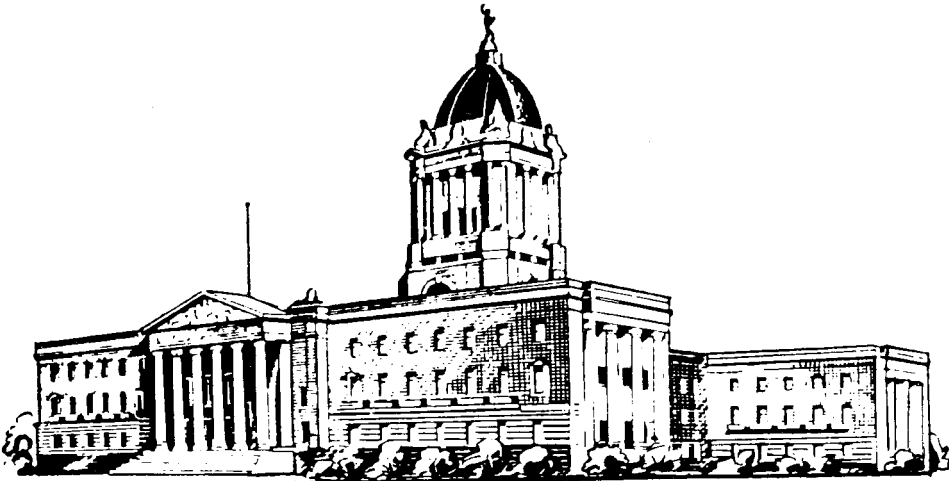


Legislative Assembly of Manitoba

DEBATES
and
PROCEEDINGS

Speaker

The Honourable Peter Fox



Vol. XXI No. 9 10:00 a.m., Friday, February 8th, 1974.

First Session, 30th Legislature.

THE LEGISLATIVE ASSEMBLY OF MANITOBA

10:00 o'clock, Friday, February 8, 1974

Opening Prayer by Mr. Speaker.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed I should like to direct the attention of the honourable members to the gallery where we have 44 students of Grades 4, 7 and 8 standing of the Queen Elizabeth School. These students are under the direction of Mrs. Tully, Mrs. McLennan and Miss L. Young. This school is located in the constituency of the Honourable Member for St. Boniface.

On behalf of all the honourable members of the Legislative Assembly I welcome you here today.

Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Ministerial Statements and Tabling of Reports. The Honourable Minister of Finance.

MINISTERIAL STATEMENTS AND TABLING OF REPORTS

HON. SAUL CHERNIACK, Q.C. (Minister of Finance) (St. Johns): Mr. Speaker, I ask leave to table the reports under the legislation applicable under the following acts: The Financial Administration Act, The Insurance Act, The Legislative Assembly Act, The Mental Health Act, The Public Officers Act, The Provincial Auditor Act, The Lotteries Act.

MR. SPEAKER: Any other Ministerial Statements or Tabling of Reports? Notices of Motion; Introduction of Bills. The Honourable Attorney-General.

INTRODUCTION OF BILLS

HON. HOWARD PAWLEY (Attorney-General) (Selkirk) introduced Bill No. 4, an Act to amend The Municipal Act; and Bill No. 5, An Act to amend The Garnishment Act.

MR. SPEAKER: The Honourable Minister of Tourism and Recreation.

HON. RENE E. TOUPIN (Minister of Tourism, Recreation and Cultural Affairs) (Springfield) introduced Bill No. 13, An Act to amend The Boxing and Wrestling Commission Act (second reading Monday next); and Bill No. 14, An Act to amend The Amusements Act, (second reading Monday next).

MR. SPEAKER: The Honourable Minister of Labour.

HON. RUSSELL PAULLEY (Minister of Labour) (Transcona) introduced Bill No. 7, An Act to amend The Civil Service Act.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK introduced Bill No. 11, An Act to amend The Insurance Act.

MR. SPEAKER: The Honourable House Leader.

HON. SIDNEY GREEN, Q.C. (Minister of Mines, Resources and Environmental Management) (Inkster): Mr. Speaker, I would just like to take a moment to correct a misstatement that I made to the House last night. I linked a statistic of - I believe I said 1,200,000 people on relief. The actual figure is 1,040,000 paupers receiving public relief, and about 222,000 vagrants, gypsies, rogues, thieves, swindlers, counterfeiters of base money in and out of prison, and common prostitutes, so I linked the entire group and it would appear that at least the common prostitutes were gainfully employed, Mr. Speaker.

MR. SPEAKER: Questions. The Honourable Leader of the Opposition.

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MR. SIDNEY SPIVAK, Q.C. (Leader of the Opposition) (River Heights): Mr. Speaker, my question is to the Honourable Minister of Tourism and Recreation, as the Chairman of the HESP Committee of Cabinet. I wonder if he can indicate whether he has met, his sub-committee of Cabinet have met in the past two weeks and dealt with the question of acute care beds in Winnipeg.

MR. SPEAKER: The Honourable Minister of Tourism and Recreation.

MR. TOUPIN: Mr. Speaker, I'm surprised that the Conservative Leader has addressed me a question, I thought he'd use one of his backbenchers. Well I'll give him the type of answer that he sees me fit of answering him. No comment.

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MR. SPIVAK: Mr. Speaker, I wonder if the Minister would indicate whether there has been any meeting held in the last two weeks of the sub-committee of Cabinet called HESP?

MR. SPEAKER: Orders of the Day. The Honourable Leader of the Opposition.

MR. SPIVAK: Well, Mr. Speaker, my question really on a point of order. If questions are to be asked by the members here of Ministers and are not to be answered . . .

MR. SPEAKER: Order please. I must indicate to the honourable member that questions may be asked but our procedures do not indicate that answers have to be given. I think the honourable member is aware of that.

MR. SPIVAK: Mr. Speaker, my question is to the First Minister. When will the charade of having a chairman of HESP non-functioning be recognized by the government and allow the Minister to resign from that position?

MR. SPEAKER: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier) (Rossmere): Mr. Speaker, the form in which that question was put is beneath contempt and doesn't deserve a reply, but may I tell my honourable friend in answer to his question that meetings of Cabinet, or committees thereof, are not something which we are accountable to to my honourable friend. Never in the history of parliament has that been the case.

A MEMBER: He wants minutes.

MR. SPIVAK: Mr. Speaker, my question is to the Premier. Yesterday he indicated the number of hospital beds per thousand population in Manitoba and he said that that compared favorably with figures in other provinces. I wonder if the First Minister could indicate what the comparable figures are for nursing home beds, extended care and alternate care beds per thousand population?

MR. SCHREYER: Mr. Speaker, that question requires detail and we'll be happy to provide that information in the proper format.

MR. SPEAKER: The Honourable Leader of the Liberal Party.

MR. I. H. ASPER (Leader of the Liberal Party) (Wolseley): My question's to the First Minister. Is the First Minister able to indicate when the Minister of Health will be back in the House?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, it so happens that the Honourable the Minister of Health is engaged right now in meetings with officials in the field of health care delivery. The fact that he is momentarily not in this House is, I suppose, somewhat comparable to the fact that last evening my honourable friend the Leader of the Liberal Party wasn't in this House. So I don't know that there's anything adverse to be said about that.

MR. ASPER: On a point of order, Mr. Speaker, the statement by the First Minister that I was not in the House last night is incorrect.

MR. SPEAKER: Order please. The Honourable Leader of the Liberal Party.

MR. ASPER: Mr. Speaker, my question's to the First Minister relating to the data he purported to put before the House yesterday on the ratio of hospital beds, acute care hospital beds in Manitoba, would he state whether it is true that the number of acute care beds that are actually being used as acute care beds is much lower than what he indicated yesterday.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, the information I gave to the House was in respect to rated acute care hospital beds. I have no way of knowing at any given point in time how many of those acute care hospital beds are being used for that purpose or being used for an alternative purpose such as extended care.

MR. ASPER: Will the First Minister confirm the fact that the vast majority of acute or-- I'll rephrase that--that the majority of acute care beds in Winnipeg are not being used as acute care beds but rather for extended care and that's the reason for the problem.

MR. SCHREYER: Mr. Speaker, if that were so I would say that there's something strange in the land of Denmark.

MR. ASPER: Mr. Speaker, to the Chairman of the Health Committee of Cabinet, can he indicate to the House what use is currently being made of the empty hospital beds in old Grace Hospital?

MR. SPEAKER: The Honourable Minister of Tourism and Recreation.

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MR. TOUPIN: Mr. Speaker, the old Grace Hospital has no vacant hospital beds as such. As the honourable member is quite aware the old Grace Hospital was converted into office space and there had initially been provisions made for a psychiatric, geriatric facility in part of the institution and that has been since revised.

MR. ASPER: A supplementary, Mr. Speaker. In view of the fact that the hospital, the old Grace Hospital has been owned by the government for some four or five years or more and has remained empty during that period, can the Minister indicate when those renovations will be complete, and is it his statement that the hospital is not to be used as a hospital?

MR. TOUPIN: Mr. Speaker, the honourable member read my comments quite correctly today, the comments that I made last year in regards to the intent of government were equally correct in . . . In regards to the amount of funds that were needed to renovate the old facility seemed to be out of hand and this is the reason why government had to revise its first intention in regards to the old Grace Hospital. I would suggest to the Honourable Leader of the Liberal Party that details in regards to the old Grace Hospital or any item falling under the Department of Health and Social Development could be discussed in detail during the Estimates of the Department of Health and Social Development.

Mr. Speaker, while I'm on my feet, I would like to answer two questions that were posed of me earlier this week in regards to the World Football League. I was informed by my predecessor Mr. Laurent Desjardins and officials of the Department of Tourism, Recreation and Cultural Affairs, that there was a meeting between Mr. Morden and Mr. Bud Irving, the Premier and Laurent Desjardins in the Premier's office in regards to what could be done by Manitoba in regards to protecting the interests of the Blue Bombers and the interest of the World Football League, and this was equally discussed at Western Ministers of Tourism and Recreation. There is a meeting called this morning in my office, I've invited a couple of members of the opposition to sit with me to discuss these problems with Mr. Morden and related officials of the Blue Bombers and my department.

MR. ASPER: Mr. Speaker, to the same Minister, can he confirm that Deer Lodge Hospital is operating at a 75 percent vacancy rate approximately?

MR. TOUPIN: Mr. Speaker, I'm informed in my capacity as chairman of HESP that there are vacant beds in Deer Lodge Hospital. I am equally informed by officials of the Health Services Commission that the Federal Government will not allow us to make use of these vacant beds unless we discuss the possibility of taking over Deer Lodge Hospital in total. We can't utilize it in part.

MR. ASPER: Can the Minister confirm that the Federal Government has made an offer to the Government of Manitoba to actually turn over the facility of Deer Lodge Hospital to the Government of Manitoba.

MR. TOUPIN: Mr. Speaker, yes there was such an offer made. It was not acceptable, and it is not one dollar like the Honourable Leader of the Liberal Party says from his seat. Because even if you talk of one dollar you have to take responsibility of the civil servants that you have at Deer Lodge Hospital in regards to the present, and in regards to the future and you have to look at the renovations that are needed in Deer Lodge Hospital, and the cost would be out of this world.

MR. ASPER: In the last two weeks - to the same Minister, Mr. Speaker--in the last two weeks as the crisis of beds developed, has the administration . . .

MR. SPEAKER: Order please. The Honourable First Minister state his point of order?

MR. SCHREYER: My point of order Mr. Speaker, is that the rule with respect to questions is such as to preclude the insertion of lengthy prefaces and I realize it's difficult for you, Sir, but that is the rule.

MR. SPEAKER: The point is well taken. The Honourable Leader of the Liberal Party.

MR. ASPER: Mr. Speaker, on the point of order, the First Minister rose after I had said approximately eight or ten words and how would he know whether there was going to be a lengthy introduction?

Now on the question Mr. Speaker, the question is, that in view of the fact that in the past two weeks it has become well known that there is a shortage of hospital beds in Winnipeg . . .

MR. SPEAKER: Order. Order please. May I also remind the Honourable Member that expressions or opinions should not be included in questions. Now I asked yesterday that Citation 171 be looked at, and I hope the honourable member will co-operate. I have been fairly

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(MR. SPEAKER cont'd) lenient to date but I think that I should adhere to our rules. I was allowing everyone to get acclimatized for the first week but I do think for all of our benefits I should start to be a little more enforcing in respect to the rules.

The Honourable Leader of the Liberal Party.

MR. ASPER: The question, Mr. Speaker, was, in the period in which the Minister of Health has indicated to this House that there has arisen a shortage of hospital beds in Winnipeg, this recent period of two weeks approximately, has the government made any further requests to the Federal Government for use in emergency of the Deer Lodge facility.

MR. SPEAKER: Orders of the Day. The Honourable Minister of Tourism and Recreation.

MR. TOUPIN: Well, Mr. Speaker, I wasn't quite sure to whom the Leader of the Liberal Party was asking the question. I was informed as early as yesterday that although there are a shortage of beds, acute care beds, in some hospitals in the City, that in other hospitals equally in Unicity that there is a surplus, that there were beds available, emergency beds. So over all there is capacity to meet demands, existing demands. If there was an emergency in Winnipeg, a crash, or where an influx of patients were received in emergency wards, or in acute care beds, facilities would have to be made available wherever we could find them, and this happens in all provinces where emergencies have to be met.

MR. ASPER: Well, Mr. Speaker, I don't think the Minister would object if I ask him, and by the way, welcome what he has just said, to identify those hospitals where there is a surplus capacity of emergency service.

MR. SPEAKER: Orders of the Day. The Honourable Member for Minnedosa.

MR. DAVID BLAKE (Minnedosa): Mr. Speaker, my question will be directed to the Honourable Minister responsible for the Manitoba Development Corporation. I wonder if he could confirm to the House that Saunders Aircraft have acquired an unused lathe reportedly worth about a half a million dollars from the James Bertram Plant at The Pas for the sum of \$1.00.

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: No, Mr. Speaker, I can neither confirm it nor deny it.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. EDWARD MCGILL (Brandon West): Mr. Speaker, my question is for the Honourable the Minister of Education with reference to his comments last month publicly that he favored some form of regularized physical activity programs in the public schools. I wonder if he could tell the House whether his department has any plans which they might be able to explain to the House in this connection.

MR. SPEAKER: The Honourable Minister of Education.

HON. BEN HANUSCHAK (Minister of Education) (Burrows): Yes, Mr. Speaker, the plans are contained within the curriculum guides, the administrative manuals supplied to all the schools outlining the physical education program presently being offered, which I may also add is always under constant review and whatever can be done to improve it, that will be done.

MR. MCGILL: A supplementary question, Mr. Speaker, to the same Minister. With reference to the story yesterday that the Minister was granting permission to some of the Winnipeg Schools to reduce the period in school for some of the primary grades, did the Department suggest to the schools that they might use this additional 30 minutes for any form of supervised physical activity program rather than sending the children home to some less active program, such as watching television and so on?

MR. HANUSCHAK: As the honourable member may know, the matter of determining the length of the school day, or any variation of it rather, from that prescribed in regulations is within the jurisdiction and authority of the Minister of Education; and the honourable member may also know that in the case of the Winnipeg School Division this was dealing only with Grades 2 and 3 and in line with the philosophy of education of the Winnipeg School Division, which believes that it is most desirable for the children at that grade level to be instructed only by one teacher for all subjects rather than departmentalizing the process of instruction. Therefore it is believed that in those schools, where in the opinion of the parents, and surely the parents are equally responsible, if the parents feel that it would be to their advantage to have the children dismissed a half hour earlier because they may provide their children with some meaningful activity, whatever it may be, and thus freeing those teachers for their planning and preparation work, then permission is granted for that. And the honourable member may also

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(MR. HANUSCHAK cont'd) recall that I had also indicated that some alternate program be provided for the children of those parents who would rather have their children remain in the school for whatever reason, either because they cannot accommodate them at home at an earlier time or believe that their children could profit more from spending their time in school.

MR. MCGILL: A final supplementary, Mr. Speaker. Again with reference to the Minister's comments to the press last month that he intended to proceed with programming regular physical activity programs at an accelerated pace, I wonder if he could be a little more specific did he intend to jog or to run in this respect?

MR. SPEAKER: Orders of the Day. The Honourable Member for Fort Rouge.

MR. LLOYD AXWORTHY (Fort Rouge): Mr. Speaker, a question to the First Minister in his capacity as responsible for Hydro. In the light of the statement last evening by the Minister of Mines and Resources that the government intends to fight inflation through low utility rates, could the Minister tell this House whether the government or Hydro has decided to raise hydro rates in the province within the next six months and if so, by how much?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, that is a very germane question and I will try to answer it as briefly as I can, by pointing out to the Honourable Member for Fort Rouge that the rates charged by Manitoba Hydro have been constant for some considerable period of time while rates for electric utilities in other provinces in Canada have been put on an annual adjustment basis. Let my honourable friend be aware that in the province of Ontario, New Brunswick, Nova Scotia, Prince Edward Island, that hydro rates, or I should say electric rates, electrical utility rates, have been increased annually each year for the last four years at the rate of about 9 to 10 per cent per year. That has been desisted from here but it obviously, common sense dictates that it cannot go on indefinitely, and my honourable friend should consult with his colleagues and they will be able to tell him that about ten months ago the Chairman of Manitoba Hydro indicated that on or about April of 1974 some adjustment would be required, not in order to earn a huge profit, but in order to maintain the constancy with the rate of costs experienced by Manitoba Hydro.

MR. AXWORTHY: A supplementary, Mr. Speaker, would the Minister then undertake to appear, along with the officials of Manitoba Hydro before the Public Utilities Committee of this Legislature and present the financial statements and the costs and method statements of Hydro before those rates are raised?

MR. SCHREYER: M. le président, ça va sans dire. (Mr. Speaker, that goes without saying.)

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, I have a question for the Honourable Minister of Industry and Commerce. Is the Minister or the government at the present time negotiating to buy the Simplot Fertilizer Plant?

MR. SPEAKER: The Minister of Industry and Commerce.

HON. LEONARD S. EVANS (Minister of Industry and Commerce) (Brandon East): Mr. Speaker, not that I'm aware of.

MR. PATRICK: Mr. Speaker, has officials of his department or the Minister himself, had any negotiation with officials of the Simplot Fertilizer Plant?

MR. EVANS: Mr. Speaker, I have had no negotiations or discussions with Simplot.

MR. SPEAKER: The Honourable Member for La Verendrye.

MR. BOB BANMAN (La Verendrye): . . . Minister in charge of Industry and Commerce. Does the government intend to act on any of the recommendations made in a brief submitted to them by the Canadian Mobile Home and Trailer Association?

MR. SPEAKER: The Honourable Minister of Industry and Commerce.

MR. EVANS: Yes, Mr. Chairman, I would inform the new member of the House that this is a matter of policy and will be revealed in due course.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, the other day the Honourable Member for Riel asked a question pertaining to the Navigable Waters Protection Act and a federal approval required thereunder. I undertook to attempt to obtain the document itself and accordingly I have here for the Clerk a copy of the Federal Approval and would ask that a copy be made and the original returned.

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MR. SPEAKER: Orders of the Day. The Honourable Member for St. Boniface.

MR. J. PAUL MARION (St. Boniface): Mr. Speaker, my question is to the Minister responsible for the Manitoba Development Corporation. Other than the sale that was made to the Colombia Government by Saunders Aircraft, have there been further sales by Saunders, to an airline or to a government?

MR. SPEAKER: The Honourable Minister.

MR. GREEN: Mr. Speaker, I believe that there were sales other than the one that the honourable member is referring to but I can't give the honourable member particulars of them. The chairman of the Development Corporation will be appearing before committee when he will be able to answer those questions in detail. If there is some particular urgency why you feel the answer should be given now, I'll get it for you.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, my question is to the First Minister. I wonder if he can indicate whether he has been involved in any, in the completion of the last sale of Saunders Aircraft to a firm in Colombia.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, I don't know if I heard the question to the last word, but I believe I did. The answer is no. I was not involved in any direct personal capacity.

MR. SPEAKER: Orders of the Day. The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Speaker, a question of the Minister of Industry and Commerce. In view of his statement in this House yesterday that the government was discouraging the immigration of workers for the garment industry, is that an indication of a general policy of discouragement of immigration to the Province of Manitoba?

MR. SPEAKER: The Honourable Minister of Industry and Commerce.

MR. EVANS: Mr. Speaker, no.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Well, Mr. Speaker, a supplementary. Could the Minister then please elaborate to this House why the government discriminates against one industry and against one group of potential immigrants?

MR. SPEAKER: The Honourable Minister of Industry and Commerce.

MR. EVANS: Mr. Speaker, this is a matter of approach and economic policy. I hope to be able to say something about this during the Throne Speech Debate.

MR. SPEAKER: Orders of the day. On the proposed motion of the Honourable Member for Rupertsland and the amendment thereto by the Leader of the Opposition. The Honourable Member for Riel. I should like to indicate to the honourable member he has about 25 minutes altogether.

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MR. DONALD W. CRAIK (Riel): Mr. Speaker, in my enjoyment of the debate last night I forgot to wish you well in undertaking your new responsibilities and along with the other members of the House I would like to do that at this time. Also of course to congratulate the mover and seconder of the acceptance of the Throne Speech Debate and to welcome to the House the new members on all sides of the House that have joined us for the 30th sitting of the Legislature.

Mr. Speaker, I will attempt now to come back to the text that I had prepared in detail for presentation in the Throne Speech Debate but which somehow got sidetracked last night because of the urgencies of the moment.

I want to first of all deal with--(Interjection)--I can't hear the member but it doesn't look very important. Mr. Speaker, I want to say first of all that it's I think the most important anomaly that appears to exist at the present time in the government's position is the present urgency we have with regards to hospital beds, and I raise this matter because of my interest in it from the financial point of view. Mr. Speaker, since the government has taken over the Public Accounts show that the budget in health has gone from 43 million in 1969 and in 1973, year ending 1973, showed 185 million. Mr. Speaker, that multiplication of four times in costs, perhaps other things have crept in but the multiplication of four times in costs tells us that in spite of this and a program which the socialist government should be proud of has resulted now in us being in the position of not having hospital beds adequate for even emergency cases. And, Mr. Speaker, I think that rather than divert the attention of the government's activities onto such

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(MR. CRAIK cont'd) non-socially beneficial programs as involvement in the insurance industry, we can look, we can look at the real socially, what should be the socially beneficial programs and the evidence speaks for itself. Massive increases in the expenditure of money and still a relative crisis in obtaining a satisfactory level of service. So I want to say that despite everything else that's said the evidence certainly indicates that the government has not been successful in reaching a level socially acceptable in the provision of health services in this particular case.

Mr. Speaker, I would like to ask also what has happened in the last four years to increase the rate of production capacity of doctors in particular from our educational institutions, because despite whether we have clinics or we have private offices or we have more hospitals spread around the province, unless we can overcome the problem of the production of numbers of doctors we can't solve any of the basic problems that plague us not only in Manitoba but in Canada. And it seems that rather than look at all the other ways of solving the medical problem that the production of more doctors, the availability of more doctors in Canada is the one thing that's going to solve some of our problems.

I want to speak, Mr. Speaker, on a subject which I'm particularly interested in. In the delegation of our responsibilities in this Legislature, I've undertaken to look at the Department of Finance but I hope to deal with that at more extent when we get into the Estimates and into the Budget Debate. But I do want to deal with a matter that I think has been overlapped somewhat so far and which is pressing upon all of us, and that is the question of an energy policy for Manitoba.

First of all, in the Throne Speech itself we find only a vague reference to a policy on behalf of the government. A very vague reference, Mr. Speaker, which says most of the longer term issues however have not yet been resolved and consequently a large amount of uncertainty still surrounds the subject of energy. Mr. Speaker, is there all that much uncertainty? What we do know is that the costs are going to escalate extremely rapidly in the Province of Manitoba. We have the government telling us that we have a safeguard because of our abundant supply of electrical energy. Well, Mr. Speaker, I don't know the exact figures but the capacity we have from our total electrical that we talked about is less than 25 percent of the energy that we consume in Manitoba. So for the vast majority we are as vulnerable in Manitoba as any province is to the east of us here, Ontario, Quebec and all the rest. We are a part of the west, Mr. Speaker, but we suffer all the vulnerabilities of an eastern province, so for all intents and purposes we have no alternative but to look at our position as one which is the same as the east. Now this puts us in a very vulnerable position because we have traditionally stood with the west on policy, on matters, and fought for freight rates that are beneficial to the west and other matters that will provide us with an industrial incentive base to build a stronger western Canada. But here we find ourselves, Mr. Speaker, very much at the mercy of both Saskatchewan and Alberta as far as the very mainstay of our industry and our cost of living index in Manitoba. That is, what are they going to charge us for energy?

Mr. Speaker, the Premier at the Energy Conference made only very obtuse references to the fact that he supported a national energy policy. Well, Mr. Speaker, that isn't good enough at this point. We're faced with such vast increases in our energy costs in Manitoba that a policy is necessary now, not one that just vaguely says we support a national position. Mr. Speaker, I suppose that the First Minister may have national aspirations politically and a vague bland statement like that may serve him well in that capacity but it does not serve Manitoba well at this time. We've raised the matter in this House about what is going to happen to natural gas prices as a result of the raise in royalties in Alberta and the Minister of Industry and Commerce has come back with a one cent per mcf's escalation in costs as a result of the new royalty.

Mr. Speaker, the document issued, which the Minister must have, put out by the Alberta Government January 31st, 1974, says that over a period of two years that the royalties to Alberta shall increase to 200 to 300 million dollars per year: 125 of that comes from California exports. The balance if it's the maximum, is 175 million that comes from Canada. Manitoba takes 10 percent of the production of the Trans Canada Pipeline, therefore in very very rough terms we're saddled on that count alone, very rough terms, 17 1/2 million dollars. Half of that, Mr. Speaker, more than half of it is consumer gas in Manitoba. That is burnt by the consumer. So on that score alone the consumers of Manitoba according to their very rough

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(MR. CRAIK cont'd) calculation, we're going to have to absorb somewhere in the order of what? - half of 17 million, \$9 million, it's better than half. So we're going to have to absorb as consumers, not industrial consumers, but domestic consumers somewhere in the order of \$10 million just on the royalties. Now that's not the worst part of it. The worst part of it is that the way that the pricing system is set up on the natural gas that it's a snowballing effect, the royalty is a percentage but the worst part of it is the contract on the gas itself. And I don't think there's any question but what within two years we can look possibly at a doubling, at least a 50 percent increase, in the cost of our natural gas to the consumers, the domestic consumers in Manitoba. And Mr. Speaker, that represents probably \$75 a year; at least \$75, probably \$100 a year to the average consumer. Just on natural gas alone. So I think the government is, I say again, Mr. Speaker, the government is being terribly casual, perhaps naive about the whole thing. It's not good enough to say we support a national policy. If we support a national policy there's nobody that is more vulnerable and responsible to develop and articulate that national policy and say where we stand. Are we going to put our case now, because if we don't we're going to have to wait for Ontario to do it and unless the government has something going on the back burner as far as a swap for lower freight rates from the east are concerned then what are you waiting for, get on with the job. Your responsibility is to Manitoba and get with it because there's no stronger voice right now than Manitoba that sits in between the arguments between east and west on the matter of energy costs; and don't try and tell Manitobans that the low cost clean electrical supply we have is going to be the answer.

The Minister of Industry and Commerce sits and chairs a committee called the Manitoba Energy Board, the Manitoba Energy Council. A resolution was brought into the House two years ago by myself asking that this board be set up. It was set up, Mr. Speaker, within some eight or nine months following that, whether it's a result of the resolution I don't know, perhaps the government saw a need for it. But to show you how ineffective that body has been, or must have been, one of the new members of the Legislature, the Member for Fort Rouge has an identical body being recommended in a resolution, a Manitoba Energy Board; and to show you how, you know what a force this Manitoba Energy Council has been in the last year or so, a new member of the Legislature presumably didn't even know it existed. It had been in operation for over 12 months and here we are sitting in the middle of what is called an energy crisis, it's at least an energy crunch, sitting in the middle in the keystone province as vulnerable as the east with it being the most pressing problem, economic problem, as far as industry is concerned, an economic problem and social problem as far as the impact on householder costs are concerned, and we've heard nothing, nothing from this Manitoba Energy Council on this whole matter. All we've heard, Mr. Speaker, is a rather pretty vague statement by the First Minister at the Energy Conference. So vague, Mr. Speaker, and so important I should say that when the television cameras were focusing in on his statement they swung the cameras over to pick up the Honourable Jean Marchand sitting there with what first looked like a comic book in his hand but turned out to be Time magazine. And they focused, while the Premier of Manitoba was making an important statement, the cameras were focused on Jean Marchand sitting there thumbing through Time magazine. That's how important and what an impact Manitoba's position had at the Energy Conference. And that's where we stand.--(Interjection)--That's where we stand. Mr. Speaker, that's the position we're in.

We also had a resolution in the House two years ago that encouraged the government to get to work on the baseline studies in northern Manitoba to encourage a pipeline, gas pipeline from the Arctic to come through Manitoba. I speculate, Sir, or may perhaps ask the question as to whether any work has been done to begin the environmental baseline studies in the northern part of the province. I think that the Minister of Environment knows, because he must follow these closely, that these studies, normally you can expect them to take maybe as many as five years if you're going to satisfy the biologists in coming to a logical conclusion. If you don't take that amount of time you're going to get into the same bind that you got into on the Churchill River, that all of us got into on the Churchill River. That is your baseline studies are not done. You're now spending \$3 million on after-the-fact studies on the Nelson River and you'd be much better invested of your money to spend it on the baseline studies for the Arctic Islands Gas Pipeline because that's going to be much more important. Manitoba is going to have to fight for its life to get that pipeline to come through Manitoba. With Quebec's vulnerability to energy at the present moment there seems little question, little question, Sir, that

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(MR. CRAIK cont'd) ways and means will be found to take the pipeline across the Straits of the Hudson's Bay and into the Province of Quebec. Very little. There will be fantastic pressures for it to go that way and it's going to be a federal decision, it's not going to be a Manitoba decision. We have no alternative but to become aggressive and bullish on the whole matter of energy, short-term and long-term, and let's not just have this plain vague statement in the Throne Speech that says "uncertainty still surrounds the subject of energies". Mr. Speaker, this matter needs leadership and it needs it now. It needs it to solve the problems that we are going to have in Manitoba within a year with escalating costs, and vastly escalating costs within a period of two years, three years and into the future.

I want to take up the statement made by the First Minister on the same matter in the question period today. He answered the Member for Fort Rouge on the question about escalating hydro costs and said that hydro costs have not gone up here because of the policies that have been instituted in the Province of Manitoba. Mr. Speaker, what he did not say is that the impact of the costs, particularly on the Nelson River, and the mistakes on the Churchill River and on Lake Winnipeg's, have not hit because most of these costs are being capitalized, the interest charges on the money spent are still being capitalized and not written off by way of - paid on the hydro bill. Most of that money is still borrowed money and even the interest on that is still being paid through borrowing. And this has not hit us yet and is going to hit.

So we sit here, Mr. Speaker, and we talk about this beautiful island of Manitoba we sit on with this great surplus of clean, renewable power, but we've got 20 millpower, we're ahead for 20 millpower, Mr. Speaker, and I think that we shouldn't fool the people of Manitoba and think that we have a bonanza here that we're going to be able to sell at a profit either, because they can produce power in the United States for half that price providing they throw out the environment protection laws in the United States, and they're rapidly on the way to doing that. And when they have done it there is no question about it if they waive them on a long-term basis they can produce power across the lines in the United States for half the rate that we can sell it to them, and we're not going to sell power for much more than 10 mills at the most in the U.S. market, and it's costing us now at least that and will probably cost us 20 mills by the time the borrowed money starts being paid for on the hydro bills. So we're not long to have cheap power, cheap economic power in Manitoba and the government can shoulder a large chunk of the responsibility for the high cost of our hydro power because of the course of actions and the waste of time and the course of actions that have taken place in the development of the Nelson River project.

This is our main bone of contention with the government is the procedure that they have taken in the development of the Nelson and Churchill Rivers and there's no question about it they must, Mr. Speaker, at some time be accountable. There has never been a cost benefit study done on any of the developments, a true cost-benefit study done, despite the four feet of books that was piled up by the First Minister in his demonstration last year, whenever it was, there has never been even an eighth inch thick cost-benefit study done on that whole program to give us the alternatives that would spell out and show the costs of the decisions that were being made.

Mr. Speaker, I want to refer briefly just in closing to the report of the Provincial Auditor. One of the most important things that is happening with the shift of government into the private sector is the requirement for an audit that can be understood and which can be compared to other audits; and we had difficulty last year as you recall in examining the autopac audit because we found that several things were done which would not normally have been done in a normal auditing procedure of a private company. And I notice that the auditor has in his report said that, "concern has been expressed that our audit reports on financial statements of government agencies do not normally certify the statements to be 'in accordance with generally accepted accounting principles as is customarily being done in industry'." Well, Mr. Speaker, we've brought a resolution into the House this year calling for a provincial auditor, and I can tell you it isn't without a great deal of concern and thought going into it to have brought this in. And it's absolutely essential, Mr. Speaker, that as rapidly and as quickly as possible we can set out procedures for audit so that we can get rid of the controversy on the auditing procedures, and we'll be bringing forward this resolution as rapidly as possible to have it debated in the House and to spell out what members of the Legislature might want in the way of an audit report to them, preferably of a provincial auditor-general rather than reporting directly to the Legislative Assembly.

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(MR. CRAIK cont'd)

Mr. Speaker, with those remarks I want to close off now and again I wish you well in undertaking your responsibilities.

MR. SPEAKER: The Honourable Minister of Industry and Commerce.

MR. EVANS: Thank you very much, Mr. Speaker. I would begin by paying you the usual but very well deserved compliment with regard to your performance in the task and the excellent performance that you are displaying thus far in the proceedings, displaying your usual impartiality, your rational approach and fairness to all concerned. To put it very briefly I believe, Sir, that you are doing an excellent job and we look forward to a session where reason outweighs emotion as you, Sir, will play a very key role in making sure that that happens.

I would also welcome the new members of the House, not that there are that many new members but I'm sure they're looking forward to the challenge that is presented to them in this Legislative Assembly of Manitoba, which as years go by is getting more and more involved in very critical decisions affecting the lives of the people of our province.

I also look forward, Mr. Speaker, particularly to those who have been here for some years on the other side, to well-researched and constructive criticisms. Too often I feel that we have a considerable amount of volume in terms of words, and volume in terms of audibility, and not enough in terms of qualitative, high quality criticism which is necessary. We all look for constructive criticism; we look for well-researched criticism; we look for less posturing, less pomposity, less flamboyancy on the side of the Opposition, and I think doing this the citizens and the elected will appreciate their role, and will appreciate them more in the years ahead, and I think by and large we'll have better legislation. I think by and large we'll have better legislation on that score.

I would like to spend just one or two moments on the general economic situation in Manitoba. Much has been said, I don't intend to repeat the many comments that you read in the financial sections of the newspapers or indeed in the Throne Speech, but the fact is that 1973 has been a year of economic progress; we're not fully satisfied with what has occurred but nonetheless gains were made. The figures from Statistics Canada indicate that the total level of the labour force in Manitoba - this is all types of occupations - the total level increased in 1973 over 1972 by 3.4 percent for an approximate increase of 14,000 jobs in the province. At the same time the level of unemployment on the average decreased from 4 1/2 percent in 1972 to an average of 4 percent during the year 1973. And so while, Mr. Speaker, on the one hand our labour force increased, our level of unemployment decreased, and this of course partly accounts for the large increase in our gross provincial product. As the Throne Speech indicated, for the first time in the history of Manitoba our level of gross provincial product exceeded \$5 billion which is a 15 percent increase over 1972.

Looking to agriculture, I for one am pleased to see higher prices in this area. I know many in this House are concerned with rising prices but certainly we should not be concerned unduly about rising prices for the farmers of Manitoba, and I'm pleased therefore to note that farm cash receipts for the period at least up till the end of September 1973, which is the latest we had available, are 40.5 percent higher than they were in the same period of 1972, and I think by and large this bodes well for our province because we are still very substantially involved and related to the prosperity at agriculture. What's good for agriculture in Manitoba is good for the Manitoba economy.

Investment was up last year by 14 percent over 1972. Factory shipments, the latest available data I have is for the first three-quarters of 1973, show a whopping 22.1 percent increase over the same period in the previous year.

Now I know members opposite have alluded to or have referred to the drop in housing starts in Manitoba in 1973. This is something I, for one, am concerned about. No one will on this side say for a moment that we have adequate or enough housing in Manitoba, there is much to be done. But I would point out that the drop is relatively small, it's a drop from around 12,000 to about 11,500 dwelling units, but when you look at it in terms of the pattern of dwelling units or dwelling starts as CMHC refers to them, you'll find that the level of 11,500 is well above the level that has been experienced in this province during the 60s, during the decade of the 60s. Because during the decade of the 60s, and I have a series of figures here that are available, again from Statistics Canada, this is my source, where the average runs closer to 5,000 to 6,000 starts a year - that's the decade of the 60s - and it's not until you get to the end

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(MR. EVANS cont'd) of the 60s, till 1969, that you start getting an increase and indeed in the 70s our average has been 10,000 to 11,000 starts per year. So that what we've experienced in the last three or four years is double what we've experienced in terms of housing starts in the decade of the 60s. So while we don't appreciate the drop in starts in 1973 nevertheless Manitoba's general level of activity is far superior to the level of activity in residential construction during the decade of the 1960s. And indeed there are reasons for the housing starts to drop somewhat--(Interjection)--Do you have a question?

MR. SPEAKER: The Honourable Member for Fort Rouge.

MR. AXWORTHY: In relation to your statement on housing starts, do you consider the fact that the housing starts in the City of Winnipeg have dropped well over a thousand this year as against last year and relate that to the fact that the expected demand for housing is going to be 89,000 to be insignificant?

MR. EVANS: Well the figures that I have are for the whole province. I don't have the breakdown for Winnipeg and I'm not suggesting - in fact that's the point I'm making, the demand is there but the demand for housing or the supply of housing is not simply a provincial responsibility, it's a municipal responsibility and indeed it's essentially a federal responsibility, and I can say very proudly, Sir, that this government has indeed taken considerable advantage of the National Housing Act, the various provisions of the National Housing Act, to do something to upgrade the activity in residential construction. There are other reasons as the honourable member knows with regard to the availability of land, the cost of land, and indeed the attitude and position of the municipal government of the City of Winnipeg, but you know that's another complete subject.

I'd like to just in the last point with regard to the general economy note that the total population of Manitoba now we have various sets of figures on population but the one consistent source that enables us to compare ourselves with other provinces is Statistics Canada, and I am pleased to note that the estimates of the Statistics Canada now show that as of the beginning of October the population of Manitoba has reached one million and indeed now it has exceeded one million according to the estimates provided by Statistics Canada.

In terms of regional development again there is much work to be done but I am pleased to note that there is some progress that has been made at least in terms of new industries going into rural Manitoba. Again I am not saying it's enough, much more has to be done, but I am pleased to note that we have now located a very major company to go to Portage la Prairie, Phillips Cables Limited, with 120 jobs to start with and the management advises that at the rate which it is growing it's probably going to be triple that in about five years. I am also pleased to note that there has been activity in Steinbach, the Loewen Millwork Company has increased about 50 jobs; in Selkirk Electro-Knit Company has 50 jobs on stream; there's been expansion in Minnedosa, Agro Steel Industries, another 50 jobs; in Morris we have Viscount Trailers that have come in with 50 jobs; Sekine Bicycles, Sekine of Canada at Rivers with 55 jobs at the present, but this should be expanding; and there are others under way, Mr. Speaker.

However, I'd like to go on and talk about some of the general problems that are facing us as Manitobans in the area of economic development and I'd like to begin by referring to a subject which the Honourable Member for Riel has just talked about - that is the subject of energy. Unfortunately he has now left his seat, however perhaps he can read what I say in Hansard. I want to rebut what he is saying about our attitude to the problem of energy. The fact is that we have taken a very positive stand with regard to the dealings in the subject matter of oil and gas in particular. No one is suggesting, and I certainly was not suggesting, that oil and gas prices will not go up, and indeed they may go up very substantially in the few years ahead. I am not suggesting otherwise.

The other day I did give a precise answer to a very precise question with regard to what has just happened in the field of gas royalties but it is true that Alberta and Saskatchewan in keeping with world trends in rising oil prices in particular are attempting to get higher prices but it is not a simple matter of one or two provinces demanding higher prices, there is such an agency known as the National Energy Board representing the federal authority which has complete jurisdiction over interprovincial as well as international traffic and which is therefore some considerable voice in pricing and in supply, and we as a provincial government stand firmly behind the Federal Government in maintaining a national policy with regard to energy, and we believe that this is in Manitoba's interest and if you read the statement that was issued

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(MR. EVANS cont'd) by the Premier at the time of the Energy Conference you will see that we have taken a very firm position in this respect, in fact we've asked for a beefed up National Energy Board - a board that's going to be more active in planning the needs, the energy needs of Canadians and Manitobans in the future, and also we supported very strongly the concept of a national petroleum corporation for further development of our resources and particularly the Athabaska Tar Sand development. And we also indicated our support for a national conservation energy - conservation agency rather, which hopefully will allow us to more rationally decide on the consumption patterns of energy. And indeed therefore there is much to be done in the field of energy but it's a matter of negotiation, therefore we say it is not a simple problem, it's nothing that we as Manitobans can simply resolve ourselves; and we don't pretend for a moment that hydro electricity, and we've never suggested that hydro electricity is going to solve our problems or is the answer.

I would like to pass on to the area of labour force development. There is a structural unemployment problem in our province and I think it's a major responsibility of government to develop a labour force skill inventory, and it is indeed a major element in our strategy to eliminate structural unemployment, to eliminate regional disparity, and to insure all Manitobans are given priority access to challenging and rewarding job opportunities. And our efforts are not only manifested in the field of industrial promotion, industrial activity, but also in related activities which are worthwhile, such as work development projects - Ottawa prefers to refer to them as work activity projects - I don't like that term, because it sounds like it's work for the sake of work. It has a rather barren connotation. But there are some worthwhile work activity projects which Ottawa and Manitoba are sharing in the cost of and in some instances municipal governments are involved. The Member from Fort Rouge, who's quite aware of the Winnipeg Housing Initiatives Program, and I think for its limitations it nevertheless does provide an element of useful employment for a certain group of people. We have similar projects in northern Manitoba, Amaranth, we have one going in the Brandon area called Wesbran, and while there is much to be improved upon I think this is an area we should continue to work along. We have the Northern Manpower Corps, and indeed we have our provincial employment programs which do provide a seasonal, a considerable amount of seasonal activity in socially useful projects and have certainly made a substantial difference in many communities of this province.

There has been recently, Mr. Speaker, some publicity surrounding this government's stand on the importation of workers for some companies in the garment industry, and I'd like to make a few points in this regard.

The Manitoba Government has sought to insure that every effort is made to provide employment opportunities for all Manitobans, the young, the old, male, female, and people of all ethnic backgrounds, people of all cultural backgrounds, for all Manitobans. And after every possible effort has been made to insure employment opportunities have been made available to these groups, and if labour shortages continue to exist, immigration could then be looked upon as a possible source of skilled labour, particularly in the high technology industries, and particularly in the high wage industries, because if anything we should try to work towards a restructuring of our economy, as indeed Japan has, into getting more and more into the high wage field. That if anything should be our thrust. I am not suggesting the government has full control over this by any means but to the extent that we can have any influence, surely we should opt for encouraging the high technology, the growth industries, the high wage industries, because if there is any way to increase the level of income of Manitobans or the level of wages of Manitobans, it is in this way.

So it should be - I would also emphasize that immigration even in this case is simply a stop gap measure, and no company and no industry can build a labour force dependent on off-shore workers in my opinion and I am sure that every member of this House will encourage a policy of providing employment for Manitobans where possible through adequate wages and through adequate working conditions. It should be emphasized that many of the people needing employment may not be in the most convenient locations such as the City of Winnipeg but nevertheless I note some firms, I'm very pleased to see that some firms have taken the initiative and have sought to locate in rural Manitoba and indeed on Indian Reserves. The Department of Industry and Commerce is actively involved, as the Member for River Heights the Leader of the Opposition knows, in the Peguis Garment Industry where we do provide a subsidy along

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(MR. EVANS cont'd) with the Federal Department of Indian Affairs. The government congratulates the attempts of these companies and will do all possible to assist them in these efforts. Until we see that all avenues for employment for indigenous Manitobans such as this have been explored, we cannot in conscience encourage or support importation of low wage workers from what I consider to be relatively underdeveloped areas of the world in any industry. I'm not discriminating or singling out one, I would say with regard to any industry.

In passing on to some other areas of concern - transportation, I can report that we are very concerned about the freight rate structure as it is now established. We believe that it inhibits industrialization in Manitoba. It's a major problem that we must face and as a follow up of WEOC, the Western Economic Opportunities Conference, we are continuing to meet with the Federal Minister, Mr. Marchand, along with my western counterpart, and we have a series of officials' meetings taking place whereby we are hoping to come to grips with some change in the freight rate structure that will benefit Manitoba manufacturers and will stimulate industrial activity in western Canada.

We have not been satisfied with some of the decisions made. I particularly note bilateral air agreements; we are not satisfied, and we have made our views known and we continue to make our views known.

I would like to pass on to another area that's been given much consideration by members opposite and that is the area of inflation, and no one can doubt that this is a most serious economic problem facing us, perhaps it's one of the most serious facing us in this year 1974, and I believe that we are going to see more inflation in the months ahead. I would only note however, Mr. Speaker, that according to the information we have from Statistics Canada, the Consumer Price Indexes for Regional Cities that Winnipeg in the last 13 years since 1961, which is the base year used by Statistics Canada, the rate of inflation, in that period of time at least, has been I believe, according to the figures here, one of the two second lowest of any of the major cities in Canada, or if you take an index for all of Canada in the period '71 to November '73 you will find the index has gone to 155.5, the index for Winnipeg in the meantime has gone up to only 146.3, 55 points compared with 46 points. I realize you can't make special comparisons but the fact is the amount of inflation that has taken place in this time, the rate of inflation in this time has certainly not been as great in the City of Winnipeg as it has been in Canada, in the Canadian average, or indeed most Canadian cities. But nevertheless inflation is here and we recognize it, and it does create many problems for government, particularly for governments that like to do things for people. It not only has its most serious impact on those least capable of dealing with it, such as the poor and unskilled, semi-skilled workers, the unorganized workers but it also does provide constraints on the capacity of progressive governments to provide adequate levels of public services. And there are many explanations for inflation - theoretical explanations for inflation, I suppose two of the commonest are the demand-pull theory and the cost-push theory. The demand-pull theory very simply meaning too many dollars - too much money chasing too few goods, and the cost-push theory which relates to imperfections in the various markets, the labour market and well in the general market economy across the Board. And the fact is that in our society, in our highly industrialized society, we have large organizations, large corporations, for example, that have great economic strength and are able to control the market price and to control the supply of goods, unlike our farm economy, our agriculture sector, where the farmer is more at the mercy of international and national world prices. So that our Canadian economy - you might say inflation, too, is the product of the Federal Government which has the power actually to control inflation. The Federal Government caught between an electorate, the citizenry on one hand and perhaps large corporations on the other. The electorate, the citizens, the people, require jobs; they want the government to protect employment. They want their jobs protected, and they want also opportunities, challenging rewarding jobs; they would like to have their incomes protected too.

On the other side - and I'm not suggesting the corporate sector doesn't support this, I am sure they do. In fact they do. On the other side you have corporations who, rightly so, pursue various profit objectives - this is the fact of the economic system in which we live. But the fact is that with corporations pursuing profit objectives you do have pressures of inflation, and let us not make any mistake about it that in the past year the rate of increase of corporation profits has been a multiple of about two or three times the rate of increases of wages and salaries. In other words the fact is that if you are looking for areas of inflation, you can look to

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(MR. EVANS cont'd) corporation profits as one major area, or one major element, in inflation.

But, Mr. Speaker, I would like to get away from the more or less theoretical aspect and just make the main point, and that is that inflation is not a phenomenon peculiar to Manitoba. That should go without saying but unfortunately some members opposite talk as though we are an island unto ourselves, that we are an island unto ourselves, that we in the Province of Manitoba, we, the Government of Manitoba, the Legislature of Manitoba, have it within our power to control inflation, to substantially dampen the rate of inflation. I wish that were true because then maybe we could have some worthwhile research and worthwhile discussions on the matter but the fact of the matter, the economic realities are that inflation is a world wide phenomenon and the price rises that we see in our midst to a large extent are price rises that are general in major industrial centres in the United States, major industrial centres in eastern Canada where the price of steel goes up, where the price of plastics go up, where the price of chemicals go up, and so forth, and therefore we get automobiles in Manitoba and we find the prices have gone up. --(Interjection)--

Well I'm going to get to the sales tax in a minute because that too, there is a myth about - well not the rate, we haven't changed the rate as has happened in Ontario, we have not increased the rate to 7 percent as the Conservative Government of Ontario. But you know, talking about other provinces, I would like to know, what are other provinces, what is the Conservative Province of Ontario, or the Conservative Province of New Brunswick, doing to cope with inflation? The fact is that well, you see, the Honourable Member for Roblin says, what are we doing? And he didn't hear what I said and I say to him again, that there is very little in the arsenal of weapons that the Provincial Government has at its disposal to cope with inflation. I wish we could but there really isn't and to suggest that we have a system of price controls, I suggest is unrealistic because it's simply unworkable, if you cannot have price controls on automobiles and on various consumer goods in Manitoba because most of these finished goods come in from other provinces, and there would be all kinds of difficulties apart from governmental administration, red tape and enforcement, and so on, and I trust and I hope the members opposite are not suggesting that price controls can be workable at the provincial level across the board.

So I would relate then, Mr. Speaker, to the fact that inflation - if any government can control inflation it is the Federal Government; it is the Federal Government that controls the rate of money supply increase through the Bank of Canada; it's the Federal Government that has the fiscal power. It's the Federal Government that has various tariff policies which affect the rate of competition that Canadian industry experiences in relation to industries in other parts of the world. One way to have reduced prices of course, and this was in the field of pharmaceuticals a few years ago, this occurred when the Federal Government somewhat lowered the barriers of entry of pharmaceuticals in order to bring about more competition to drop the price of drugs for our people in Canada.

But I would like to suggest that there have been some efforts made by this government to deal with inflation and I think some of these are much more effective than has been suggested by the members opposite respecting taxes. One of the proposals put forward was a flat reduction in income tax, and while this has appealed to some people in the upper income brackets I am sure that we'll find that it has very little effect on the people in the lower income brackets, and indeed to the average person in Manitoba, the effect would be minimal. What it must inevitably do, a cutback in income tax, would be a cutback in revenue which means a cutback in the government's ability to provide socially beneficial services to the majority of the people of this province and therefore we simply cannot accept such a proposal.

To be more specific, the Leader of the Opposition and his colleague, or friend, the Leader of the Liberal Party have both offered us solutions for providing relief to Manitobans from inflationary pressures, which, either way, at real value of family incomes - to be specific the Member for River Heights, the Leader of the Opposition, suggests that we remove sales taxes from second-hand goods and clothing - I believe the Member from Wolseley wants the taxes reduced. I am not going to dwell on that omnibus vague suggestion, but let's see what in fact is implied in what I consider to be ill thought out proposals from the benches opposite with regard to sales tax.

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(MR. EVANS cont'd)

In 1969 Statistics Canada carried out a survey to show how the average family income was spent. At that time the average family income was \$7,200; in 1973 it was \$11,000, according to our estimates. If we use the same percentage breakdown of expenditure as Statistics Canada determined from its survey, we arrive at an average family expenditure pattern for a range of items such as food, shelter, household operation, furnishings, equipment, clothing, personal care, medical and health care, and so forth. Those figures show that if sales taxes were removed from all furnishings and equipment, not just second-hand items as the Leader of the Opposition suggested, the average annual relief per family would amount to only \$23.00. If, and I would emphasize this assumption, if the entire saving was passed on to the consumer by business, so there we have a maximum potential benefit to the average family of \$23.00 per year if we went, and if we went a great deal further than the Member for River Heights has suggested. He's only talking about second-hand; I'm saying if you take the whole gambit, new and second-hand, you save \$23.00 per annum.

Let's turn to clothing. If you assume that one-third of the clothing purchased by the average family is for children, then two-thirds of the clothing they purchase is subject to sales tax. Removing the tax would mean a saving to the average family of \$29.70 per year. That's if we adopted the honourable member's proposal. And if we went even further, Mr. Speaker, in respect of the tax on furnishings and equipment the net benefit to the average family in 1972 would have been \$52.70 or half of 1 percent of this average family's total income.

Now there are a great many families in Manitoba whose average income is much less than 11,000 and in those families the higher proportion of income is of necessity spent on items such as food and shelter, and a lower proportion on such things as furnishings and clothing, so that the potential relief for those families by adopting the suggestions from the members opposite would not only be less in real terms, the proportionate benefit to them would also be less.

The honourable members opposite, Mr. Speaker, I would suggest would be better advised to look at some of the positive steps which this government has taken to provide a real measure of relief to those who need it most. You know, you talk about cutting down provincial spending as another method of coping with inflation, this type of proposal has always been put forward as a panacea by persons who are dogmatically opposed to government involvement without any thought of its implications, without any thought of its implications or effectiveness.

Let us examine the repercussion of such action. If you cut spending by whatever amount you want to cut it, 5 percent, 10 percent, 15 percent, there has to be a reduction in the purchasing power of Manitobans because there are people, there are many people who are employed that would be unemployed, so you'd have a reduction in purchasing power and you would have an increase of unemployment at the same time. And also you would have reduction in various socially beneficial governmental programs. And this, Mr. Speaker, the sad part of it all while you have these negative effects you would have almost no effect on inflation. And as I said before we are a net importer of finished goods and as a result we import our inflation. And since we are a very small part of total demand any impact in the cutting back of governmental spending by the Provincial Government would be very minimal indeed. And I would like to repeat for these reasons if this government were only to cut back on its spending any impact on inflation would be minimal, the only consequence would be that we would hurt the people least capable of helping themselves, that is the poor and the unorganized workers. The policy of this government has been to cut back certain areas, the cost of the largest component of the budget of the average family after food and accommodation, and I'm thinking of an item such as property taxes. We have a continuing program of property tax rebates of up to \$200 which is quite substantial for the average person in Manitoba. In fact in this province, Mr. Speaker, there are many many, in fact I think it's over 90 percent of the old age pensioners in Manitoba, no longer pay any property taxes because of the up to \$200 property tax rebate. And that, Sir, is far more substantial than anything that's been suggested by the Leader of the Opposition in the Throne Speech Debate.

The elimination of Medicare payments, Mr. Speaker, which has occurred in the past year and which is now continuing, there is a substantial cut, a real meaningful cut to the

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(MR. EVANS cont'd) average family in Manitoba that has gone a long way to reducing their burden. And we have now a proposed homeownership assistance grant program which is going to assist families in purchasing their homes. Autopac, Autopac itself a continuing program which is going to maintain low automobile insurance rates, which is going to maintain auto insurance rates at cost for the people of Manitoba. It's the lowest in Canada and that can be substantiated, that can be - well I am being serious. The Honourable Member from St. Boniface says to be serious. I would refer him to a recent document of Statistics Canada, again it's available in the library, where they refer to the level of insurance rates in Manitoba compared with cities such as Montreal, but you can compare us with Ottawa -- okay compare us with Ottawa and you'll see. You can compare us with any part of Canada and you'll see the people of Manitoba are getting a good deal. And if you want to do something, if you say do something to keep the cost of living down, I say that program alone is significant, far more significant than the so-called sales tax relief suggested by the Leader of the Opposition. That's far more significant to the average family in Manitoba than anything that I've heard across the way.

What about Pharmacare for the old people, what about Pharmacare for the senior citizens of our province? We've now got a program to alleviate the cost of prescription drugs. And what about the substitution of drugs? This is a program that's just now coming into effect whereby the pharmacist now has the legal right to substitute the lowest cost of prescription. Mr. Speaker, we know that the cost of prescription drugs varies considerably from one brand name to another, and this in itself has got some, and will have indeed some real impact on the consumers of Manitoba.

Well, Mr. Speaker, it's been suggested in the speech of the Leader of the Opposition and others that we have run out of steam and we're a do-nothing government and that there's nothing of substance in the Throne Speech. But, Mr. Speaker, I would invite him to read it again. I would invite all members opposite to read it again and you'll see that it contains some substantial new progressive thrusts. Thrusts that are in keeping with the philosophy and the approach of the New Democratic Party. Whether it be in the field of dental care for children, whether it be in the field of treasury branches, whether it be in the field of general insurance, whether it be in the field of mineral resource development, whether it be in the field of general northern development, the fact is that this government is on the move -- as it has been on the move for the past four years:

The people of this province, Mr. Speaker, last June voted for a party, they made up their minds, there was no mistake, it was not a mistake, we had the largest turnout in the history of provincial elections in Manitoba. The largest turnout in our history, and without a doubt, Mr. Speaker, the people in this province voted for a party with progressive ideas, they voted for a party who is going to innovate, they voted against parties of privilege, they voted against parties and people with antiquated ideas. --(Interjection)-- Well I say, Mr. Speaker, if they're against public automobile insurance they've got antiquated ideas because in 25 to 30 years from now most of North America will have public automobile insurance.

I see you're rising, Mr. Speaker, so it's time that I conclude. I just say, Mr. Speaker, in conclusion, in one of the greatest turnouts in the election history of Manitoba the people of Manitoba have indicated they want a continuation of sound, progressive policies, and Mr. Speaker, they will not be disappointed.

MR. SPEAKER: The Honourable Member for Rhineland. The Honourable Member for La Verendrye.

MR. BANMAN: Would the Honourable Minister of Industry and Commerce allow a question? The Honourable Minister indicated that his government would not be supporting immigration . . .

MR. SPEAKER: Order, please. If the honourable gentleman is asking a question the Honourable Minister's time has run out, the only way he will have a question is by leave. (Agreed.) The Honourable Member for La Verendrye.

MR. BANMAN: Does he consider the garment industry whose average wage is \$2.47 an hour a low wage industry?

MR. SPEAKER: The Honourable Minister.

MR. EVANS: Mr. Speaker, you people are very concerned about inflation and so forth, in terms of today's cost of living it is low.

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MR. SPEAKER: The Honourable Member for Rhineland.

MR. ARNOLD BROWN (Rhineland): Mr. Speaker, I would like to take this opportunity to congratulate you on your appointment to your high office. I am certain that you will fulfill your duties without bias and will serve Manitoba to the best of your ability. I would like to congratulate the mover and the seconder, they did an excellent job of speaking on your behalf.

I have the honour of representing the constituency of Rhineland and I at this time would like to thank the people of Rhineland for bestowing this honour upon me. This constituency was previously represented for the last 14 years by Mr. James Froese and at this time I would like to thank him for looking after the constituency well.

The geographical area I represent is the southernmost part of the province. It's bordered on the south by the international boundary to the north boundary, being 18 miles north of the international boundary and to the west boundary being the No. 3 highway and the east boundary being the Red River including one township east of the Red River in which Ste. Elizabeth is situated. Some of the major towns in the area are Winkler, Plum Coulee, Altona, Gretna, Letellier and St. Jean. And the three rural municipalities in this area are the arm of Stanley, the arm of Rhineland and the arm of Montcalm. This is probably the most densely populated area in rural Manitoba. In addition to the towns mentioned many smaller communities and villages are located in this area. The people I represent are hardworking industrious people who are very proud of their many accomplishments. Farming is the mainstay of the rural area in Rhineland and this is the most diversified of all farming communities in Manitoba. Rhineland is known as the gardenland of Manitoba and rightly so for we produce more than one-third of all the vegetables grown in our province. Some of the crops besides cereal grains grown in Rhineland are potatoes, sugarbeets, sunflowers, corn, onions, navy beans, faba-beans, lentils; canning crops such as sweet corn, peas and beans are also grown quite extensively because the only cannery in Manitoba, besides Campbell's Soups in Portage, is situated in Morden and the soil in the area surrounding Winkler is well suited for canning crops.

One of the major problems in Rhineland are the roads. We have had virtually no road program or road construction for the last 10 years. Secondary roads taken over from the municipalities by the government are especially intolerable. A comprehensive road building program was announced last year but absolutely nothing materialized except the widening of the shoulders on PTH No. 30. Road construction must commence on the 421, the 243, the 248, the 428 and the 201. I am certain that the condition of these roads is the worst of all the roads within the province. Residents prefer to use adjacent roads belonging to the municipalities wherever possible. We must remember that when the government accepted the responsibility of the maintenance of these market roads they were the best roads within the municipalities. Farmers find it increasingly difficult to deliver their produce to market.

In addition to these market roads the government should start planning on a concrete road from Carman on the No. 3 to the junction of No. 3 and 14, and from the corner of No. 3 and 14 to Rosenfeld along the No. 14. This involves construction of approximately 40 miles. This would benefit everyone in Manitoba. The major shipping season for vegetables is in spring when road restrictions are in effect on asphalt roads. During this time of road restrictions you will find many trucks on their way to Winnipeg carrying half a load of produce accompanied by a second truck carrying half a load also. When they arrive at the concrete highway this produce is loaded onto one truck which then proceeds to Winnipeg; and the same holds true for incoming produce and general freight. Now this doubles transportation costs of the produce produced by the farmer area and the only way they can escape this extra cost is by pushing it on to the consumer.

In order to give the Legislature some idea of the amount of produce transported out of this area by truck, I would like with your permission, Mr. Speaker, to quote some figures of the commodities involved: 302,000 hundredweights of potatoes and onions; 203,608 tons of sugarbeets; 403,234 tons of general freight which includes gasoline and oil, steel, fertilizers, cement, dairy products, but it does not include any grain or commodities such as gravel hauled by municipalities. And it is very interesting to note that Co-Op Vegetable Oils in Altona alone haul in and ship out a total of 133,841 tons of produce by truck.

My predecessor, Mr. J.M. Froese, has spoke many times about the drainage problems in Rhineland and at this time, Mr. Speaker, I would like to ask the members of the Press to

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(MR. BROWN cont'd) bear with me while I deal with this problem. Indeed I would ask for the cooperation of the government and the Press in this matter, and who knows we might if action is taken be able to talk about other items in the near future.

Firstly, I would like to deal with the situation on the Dead Horse Creek. We are now within 4 miles of completion on this project and surely enough funds can be allocated toward this project so that it could be completed in the year 1974. The whole project is useless until the last mile is completed because this is where the problem occurs. Surely we can go that extra mile this year; it could save the area many thousands of dollars.

Secondly, we must deal with the problem of flooding by the Pembina River. We have enough snow this year that a serious situation could arise if we should happen to have a fast spring thaw. The government must reconsider their position on the construction of the Pembilier Dam. Top priority should be given to this project and negotiations started immediately with the Federal Government towards construction of this dam. With the increased prices of farm commodities the cost benefit ratio must have increased considerably. Any other form of flood protection to the farmers along the Pembina River would prove to be more costly and less beneficial than the construction of the Pembilier Dam. If the government requires more information on this I would like to suggest that they get together with the Lower Red River Valley Water Commission who have spent many years in studying this particular situation.

In Manitoba we have only one major centre, the City of Winnipeg. People move to the City of Winnipeg because they cannot find employment in their own area. In many instances they move to the city only to find that employment opportunities that they were qualified for are non-existent and thus many problems arise out of this situation. I would like to see the government place more emphasis on their stay-option program and assist rural communities in attracting secondary industry. I am thinking in particular now of St. Jean where the Manitoba Development Corporation owns a building that has been unoccupied for some time. Surely some industry could be located there. The Town of Gretna has tried to attract some kind of industry for many years but they have been unsuccessful so far, and more direction could be given by the Provincial Government so that these smaller communities will not become ghost towns.

The towns of Altona and Winkler have been able to attract some industry but again this is industry that came from local initiative, that is local people started some industry, such as trailer factories, . . . , D.W. Friesen Printers but this has mainly been without assistance from the Provincial Government. The whole constituency of Rhineland has no government offices, and when I see what is happening in this area alone, in neighbouring towns, I cannot help but think that Rhineland's time must be long overdue. Some areas in Manitoba received grants of up to \$40 million within the last five years to help promote industry in their areas. Now surely an area as densely populated as Rhineland with so much potential must receive some consideration sometime; or, Mr. Speaker, is there such a thing as discrimination against this area; or, Mr. Speaker, is the money coming from this area through extremely high land assessment destined to be spent only in other areas of this province? If that is the case then Rhineland's future is bleak indeed. However, I would choose to think, Mr. Speaker, that Rhineland has been overlooked and that the time is now for us to receive some consideration.

The towns in Rhineland as in other areas of Manitoba are approximately seven miles apart. Each town has its own telephone exchange. Surely some of these exchanges could be eliminated so that we could have more toll free telephone communication between neighbouring towns. We have an industry south of Plum Coulee who urgently requires the installation of telex but the cost is such in rural areas that it is prohibitive. This is only another instance which makes it extremely difficult to attract industry into the rural areas of Manitoba. Government policy should always encourage rather than discourage this type of industry.

Besides looking after the needs of my constituency, Mr. Speaker, my special duty within the Conservative Party will be to act as critic of the Department of Health and Social Development, and as such I would like to congratulate the Honourable Minister - and I see he's not here - on his recent appointment as Minister of Health and Social Development, a most esteemed position.

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(MR. BROWN cont'd)

To the Honourable Minister of Tourism and Recreation - and I see he's not here either - I wish to express my condolences and congratulations because I believe that the former Chairman of Health, Education and Social Planning occasionally overruled the Minister of Health and Social Development and it will be interesting to see who does what to whom in the future. But a word of caution to the newly appointed Chairman of Manitoba Hospital Services Commission, the former Minister of Tourism and Recreation may be in a position to overrule both the Chairman of HESP and the Minister of Health and Social Development. I find all this most confusing even mind boggling.

A power struggle seems to be going on between the Manitoba Hospital Services Commission, the Secretariat of Health, Education and Social Planning and the Department of Health and Social Development. There are too many organizations, there seems to be no overall master plan relating to policies from one organization to the other. Conflicting policies are sometimes forwarded to the providers of health care in Manitoba and this creates frustration and confusion among the various providers because they have no one to turn to for clarification of this conflict in policies. The lack of an overall master plan, lack of consultation and conflicting policies only lead to confrontation with various providers of health care in Manitoba. An example of this is the confrontation between the Manitoba Medical Association and the government. We must have more consultation and organized cooperation between the government and the providers of health care. The lack of an overall master plan and too many governmental departments is creating problems within the government departments as well, and it is interesting to note that a well-known and respected member handed in his resignation from the Manitoba Hospital Services Commission. This can only suggest that all is not well with the department and proves once more that the government must overhaul completely the Department of Health and Social Development.

At this time, Mr. Speaker, I would like to table a letter from the Manitoba Health Organization to the Honourable Mr. Schreyer, which is an amazing parallel between Dr. McPhail - and just gives you an amazing parallel between the two situations. I'd like to table this. The lack of an overall master plan and too many governmental departments is creating problems within government departments as well.

A particular area of concern, Mr. Speaker, and I would like to draw this to the attention of the Honourable Minister of Health and Social Development, is the administration costs in the Department of Social Development. Of every tax dollar collected from the taxpayers of Manitoba which is allocated for social development almost one-third goes towards administration. Of the remaining tax revenue in this department costs of 25 percent goes towards deserted and unwed mothers and no attempt is made to make the father responsible towards his family. It is a well-known fact that many a father leaves his family and accepts no more responsibility towards them thus forcing the families to apply for and obtain social allowance.

I am pleased to see that the Speech from the Throne made reference to this particular problem, the speech made mention of free legal aid for these unfortunate mothers and children. Our position has been that a more humane approach to this problem would be for the government providing for these mothers and children and the government accepting the responsibility of tracking down and making sure that these fathers do not shirk their responsibility.

Mr. Speaker, as all honourable members are aware, the question period this week has been dominated by a concern about our hospitals and about the lack of available acute bed space in the hospitals. Of five hospitals contacted January 4th, 250 beds were occupied by patients who really should be in personal care homes. On February 5th, Peter Swerhone, the President of the Health and Sciences Centre issued an order to all doctors working out of that hospital, and the order read as follows: "For the next two days, February 5th and February 6th, 1974 we are ceasing all elective admissions to the General Centre. This is due to the critical shortage of beds in the Health Sciences Centre which has developed in the last 24 years. A similar shortage of beds exists in other hospitals in the city." I don't know whether this has ever happened before, Mr. Speaker, but if it has it must have been an unusual and rare occurrence, but in fact I don't know of it ever happening before.

Now the Minister has pointed out earlier in the week the elective surgery is elective.

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(MR. BROWN cont'd) It is something that a patient has done not as a matter of urgency, but there are, Mr. Speaker, hundreds of such cases that cannot be postponed indefinitely because delays of this kind must have all sorts of side effects on the operations of the hospitals. Remember that cancer is elective surgery - cancer is elective surgery. The situation which gives rise to this has itself all sorts of side effects, and let me illustrate one. A doctor told me this week that because patients were being turned away from one hospital to the one at which he was working he found himself handling people who were not his patients. He did not mind but the patients did and the rights of the patients to be treated by their own physician is something about which a great many people are concerned.

My point therefore, Mr. Speaker, is that this emergency is having and may have all sorts of side effects that will undermine the quality of our health care. The casual attitude of the Minister is hardly helping to reassure the public that there is a strong hand at the helm. Our Honourable Leader of the Opposition has already questioned the priorities of this government in a number of areas. I share his concern for I think the health of the people are a major responsibility of the government and we are not being given the kind of assurance we need that the government recognizes the urgency of the situation. I appeal to them to offer some evidence of action while there is time.

These are but a few of the items of concern I have expressed today, Mr. Speaker. I trust that my criticism will always be objective and in the best interests of my constituents in Rhineland and the people of Manitoba.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I want to thank members of our Caucus for permitting me to pre-empt their plans to speak at this time. I asked for that permission and that leave from my colleagues for two reasons; one is that I was rather upset by what was said by the Honourable Member from Morris yesterday and I felt I'd like to be able to respond quickly. Secondly, I will not be here all of next week and therefore would not have an opportunity to debate on Monday and Tuesday, and may I say I thank the Honourable Member for Gladstone, the Whip of the Conservative Party, for making it possible for me to have a pair for this coming week.

The Member for Morris has said something which could not have been pleasant but I didn't hear it, --(Interjection)-- and not knowing what he means, usually I have trouble understanding him, but this time I'm completely nonplussed so I'll just let it slide. Whatever the Member for Morris said he certainly has the desire frequently to stand on his feet and speak out loud as he did yesterday. Yesterday you know that he had so much difficulty with his presentation that he had to dig into the annals and records of the New Democratic Party to find convention resolutions which were sent in and either not dealt with or disposed of by rejection in order to say that's what this government stands for. That's how far back he had to go in order to find justification for the accusation of this party. It would almost be an invitation for us to start attending meetings of the conventions of the Conservative Party to see what kooky things may come out as being suggested and then saying that the Leader of the party is guilty of that. It's almost the same as the Leader of the Liberal Party who implied in his Throne Speech that we had attacked the sales tax as a cruel and inhuman tax, most cruel and inhuman, and when we pressed him to give us source material he said, well somebody used those words at a convention of the NDP. Well if honourable members have to go that deep and look that far to justify their positions then of course that is their privilege but it certainly does not help to have meaningful debate.

When I speak of meaningful debate, Mr. Speaker, I come back to the first reason I wanted to speak today and that is to respond to the Member for Morris because I have been in this Legislature since 1962 and I don't feel that I've been attacked on a personal basis to the extent that I was yesterday and I admit to a sensitivity which I should not have. I should have acquired callousness I suppose to be able to withstand that because that's supposed to be part of the game. I would be happy to respond to an attack on philosophy, on principles, on policy, on legislation, but when an attack comes as it did yesterday then I admit that I am vulnerable.

The honourable the parliamentary member from Morris spoke about the fact that the debate on the Mineral Acreage Tax Act took place in one day on amendments rather than be laid over for a day, and he said and I read from my notes: "Do you know the reason why the

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(MR. CHERNIACK cont'd) Minister probably won't recall that incident - and he was right - but the reason why I agreed to deal with it was because the Minister came to me and asked me. 'I have to leave tomorrow,' he said. 'Would you be prepared to deal with the legislation tonight so that I can get it off my hands?' In deference," (I'm still quoting from my notes). "In deference to a request made by him I agreed to have the legislation looked at that night, and he has the lack of integrity, the perfidious nature of this man, in attempting to create the impression that I had agreed with the legislation when in fact I had agreed only to deal with the legislation at the request of the Minister who was leaving the following day. Sir, how can we have any confidence, how can we have any trust in a Minister with that little integrity."

Well, he did hurt me, Mr. Speaker, I admit to that. As a matter of fact I was hurt more by the round of applause that he received from his colleagues when he said that, because although I never expected to have the friendship and respect of every member of the Conservative Party nor from the Member of Morris, I did have the naive impression that in the years that I was in this Chamber with other members of the Conservative Party I had somehow acquired the friendship and a measure of respect from, I would think, most of the members of the party opposite and the applause which greeted the honourable member's words yesterday made me feel that I had lost that. So in some way I suppose I'm trying to recapture it only from those who feel that it's warranted.

So I want somehow to come back to the history. Firstly the Member from Morris said, "He probably won't remember but he asked me, he said I have to leave town tomorrow, would you please accommodate." I didn't remember, he was right. I went back to my diary and I saw that I had appointments during that week and the following week which I assume I kept because my diary didn't say anything other, then I went back to Hansard and I looked and I guess I speak so much that it so happens that every day following the day in question my name does appear as having been in this House. Every day following that --(Interjection)-- so the honourable member now asks from his seat, why did you ask me? Well the answer that the honourable member would say is, that I asked because I said that I was leaving town, I was going to be away, and therefore to do it, so I went back to Hansard.

The one thing that I pleaded with honourable members to do on this debate is to read Hansard on the whole debate, and now when I said that I had lost face apparently with some of the members opposite whom I do respect and whom I thought had given me a major of respect, I now have to appeal to them, please at least give me the courtesy of reading the entire debate and see what developed, and I will read only portions, but do yourselves and your constituents a favor, please, to read a whole debate before you go around carrying out to the public that very first speech I made on second reading, as I suspect many of you may, or some of you may, already be doing. And if you do, then I think you will see that you are not being fair - well I don't expect you'll be fair to me - there are members opposite who never thought it necessary to be fair to me or anybody else, but be fair to yourselves so that when you present a picture, give the whole picture.

So I say to the Member from Morris, to whom I'm not appealing to be fair, and to whom I didn't appeal yesterday to withdraw his accusation that I lied, even though a disciple of the Rt. Honourable John Diefenbaker, I would have thought, would not be the one who would accuse a person of lying; and I won't accuse him of lying, although he did, but I won't accuse him of that. I will say that he had a mental or moral breakdown because he did say that I asked him to deal with, or the party, to deal with this matter because I was leaving town, so I'll quote what I said on Page 4137 of Hansard July 12, 1972, and I said it immediately following the Honourable Member for Morris' report to the Honourable Member for Riel to the effect that, and I quote now from the Honourable Member for Morris: "We discussed it amongst a group of us and I had given the Minister assurance that we would be prepared to proceed", and five lines later, Mr. Speaker on the same page, I said, and I quote the first paragraph: "May I first thank honourable members for their cooperation on this; and may I say that one of the reasons why I am pleased that members were prepared to deal with this today is that frankly a member of my staff and a servant of the Legislature" - and may I parenthetically say that I assume that may have been a member of the Legislative Council Staff - and I go back to the text: "a member of my staff and a servant of the Legislature have spent all day refining and preparing the amendments. They are present tonight and I

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(MR. CHERNIACK cont'd) am happy that we hopefully can complete the matter so that the work that they put in can be concluded and they can feel free to leave the Legislature today and not have to come back tomorrow in order to assist me in this work."

This I said, I assume in the presence of the Member for Morris who is not usually one of those who speaks and runs out of the room immediately, and since I said this within moments after he explained that the party had agreed to deal with the matter that day, I assume he heard me say it - and certainly there was no correction of what I said, by him, so I reject what he said yesterday as to the reason and I don't do this from memory, I speak only from Hansard.

I want to deal again from Hansard Page 4136 where the First Minister informed the House that he understood that consultation had taken place between the Minister of Finance and Members opposite as to how to deal with this bill at this stage, and then you, Mr. Speaker, called on me to speak, and now I read, and it's half a page but I read it because I hope that honourable members opposite will listen and then may think it worthwhile to read the whole debate on this bill. And I read now: "Mr. Speaker, the debate on this bill has proven to be most useful to all members of this House. Yesterday there were discussions that started in Committee of the Whole and actually that continued into third reading, as a result of which we were able to formulate a direction which was somewhat different from what was originally planned in the Bill". Need I repeat that, and would honourable members please remember that what I said in the introduction on second reading was different from the outcome of the Bill itself and I said this before, or at Third Reading, that we were able to formulate a direction which was somewhat different from what was originally planned in the bill, and I go on with the quotation: "When I spoke on the Bill in Committee Stage I indicated that it would not take effect, it would not be effective until January 1st, 1973 and that there was various aspects that we wanted to study in order to be able to consider whether there should be changes in the proposal. However Mr. Speaker, the discussions yesterday, as I say, proved most useful. I feel that the members of the opposition, and members of our own caucus on this side, developed a further and greater understanding of the bill and were able actually to persuade, to persuade the government to review what had been said in order to try to arrive at what might be a clarification and what would also both enlarge the scope of the bill and at the same time protect the interest of those of the government it wanted to protect but I agree has not been as fully spelled out as they should, so that I want to compliment the members on the other side for bringing matters to our attention. I think the Leader of the Liberal Party was the first and then honourable members of the Conservative Party and the Honourable Member for Rhineland all contributed and, as I say, members of our own caucus also discussed the matter with us. As a result of which, Mr. Speaker, I am happy to inform that I am now in a position to propose amendments which I think generally, those who have seen the proposed amendments, will agree are improvements on the bill which I believe the House is desirous of dealing with. So I have been complimenting members of the opposition in fulfilling one of their functions and in thanking them, which I do for their contribution, I am now able to say that I think that the bill can be improved and I've caused to be distributed already proposed amendments which will in effect result in the bill being applicable to all persons, and in the definition of persons I include corporations as well as individuals, excepting the original exemption of 40 acres in order to eliminate small holdings and exempting farm operations be they of a corporate nature, which means cooperatives or family corporations and individuals whose principal business or occupation is that of farming, and I think that brings about, really brings together, the various suggestions that have been made by various members of the House. The procedure to be followed has been developed on the procedural way of dealing with them. I am hopeful that we will obtain consent that we proceed directly to Committee of the Whole after the Motion is put so that we can deal, and I think dispose of this matter today since, as I say, certain honourable members who have expressed the greatest interest have had an opportunity to review the amendments and have intimated to me that they believe they can deal with them expeditiously."

Then it was that the member for Riel said, "I haven't seen this before, give us a day", and the Member for Morris said, "No we've already looked at them, we have agreed to proceed to deal with them."

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(MR. CHERNIACK cont'd). . . . to deal with them.

That, Mr. Speaker, resulted in the attacks that have been made recently against the government and against me by members other than the Member for Morris but they culminated yesterday in the attack by the Member for Morris. I am not asking for more than members review what has been said, review the debate. Seldom do I remember - I remember very seldom having seen this much debate and consultation on a bill; and if the bill in the final result does not accord with the belief of members of this House, they have the right and they have the duty to suggest improvements, and I would debate them on that basis. I don't back away one bit from the bill as it stands. I do not say that we were pushed into the changes but I do say, as the record shows, that there was considerable debate which resulted in an expansion and an extension of the bill and not a change in intent. And if you want to debate the bill, by all means let's do that; but if you want to attack me personally, make sure - or attack anybody in this House personally - make sure you have the facts and that you are doing it fairly.

Having said that I want to leave the subject, saying that I hope that I still have, in spite of the impression I received yesterday, a certain modicum of friendship and respect amongst individual members opposite, and that remains to be seen.

Now Mr. Speaker, there are a few other items I do want to deal with since I have already taken up some time.

Firstly the member for, the Leader of the Liberal Party, who isn't present at the moment, talked about sales tax and referred to our previous attitude on sales tax, and I remember he talked, he debated with the honourable member, the House Leader yesterday some of the principles of economics. But on the question of taxation I have a quotation, a brief one, that I would like to put on the record because the member isn't here, he can read it if he likes, where in a book on taxation there is a discussion of different approaches to taxation. One method, one approach, could be on a fee for service basis, which if you read on gives a straight - oh premium tax, a flat rated tax, a tax that the consumer pays a fee. Then he says, and I quote, "The second major approach in allocating the tax burden is the proportional theory. In this case the tax rate for everyone is identical but the amount of tax each person pays will be proportionately greater or smaller depending on his wealth, consumption of goods, or some other similar factor. Examples of this kind of tax include real property taxes, retail sales taxes and gasoline taxes, and he says a very considerable amount of tax is raised by the proportional method, particularly at the provincial level. This is probably not because the provinces like that tax form best but because they cannot levy indirect taxes under the present constitution." And he goes on to say that . . . like indirect taxes because they are hidden to a large extent.

Then he goes on, he says, "The third and currently the most popular form of taxation, progressive taxation, is based on the theory of ability to pay. The resulting system although passionately embraced by most economists and politicians is based on some rather shaky precepts." Would one reading that think that the author believed strongly in favor of ability to pay taxes, progressive taxes, having said the resulting system although passionately embraced by most economists and politicians is based on some rather shaky precepts. And when he says further, and I quote again, "Does Dr. Eaton argue that it is" - he develops a concept by a certain authority - "it is useless to expect the majority to reject a government service regardless of cost. It may be cynical but one cannot escape the conclusion that raising revenue by progressive taxation is not conducive to promoting the national responsibility in the demands of electorates. Finance Ministers have a tendency to shrug when they are berated for the spiralling expenditures of government, explain that the public demands the service. It might be suggested that the public would not demand the service if its members were made perfectly aware that they were going to pay for it relative to the benefits received or proportional to their income." And I continue to quote, "Many authors suggest that the ability to pay principle can best be served by flat rate proportional taxation and that progressive taxation is merely politically expedient. While this is a debate which will undoubtedly continue, it would seem to be academic inasmuch as right or wrong government will continue to rely more and more on progressive taxation as opposed to proportional taxation, chiefly because raising revenue in this manner antagonizes the smallest number of taxpayers."

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(MR. CHERNIACK cont'd)

Listening to that, reading to that, would one think that this person believes in ability to pay taxes, progressive taxes, or would you think he favors proportional taxes?

--(Interjection)-- Who wrote it? It was written by the gentleman who wrote the Benson Iceberg, a book written by the present leader of the Liberal Party of Manitoba, which received a great deal of publicity. Would one, reading what I have read, believe that he was really opposed to proportional taxes which he gives as an example sales tax as in favor of ability to pay taxes? I doubt it. Nevertheless, he is now a great exponent of elimination of a proportional tax.

Well, Mr. Speaker, we debated this in this House before he came here. He has quoted me, he has quoted others. The House Leader debated this at length, as I did, at that time of the introduction of sales tax, and I will not quote the Leader, the House Leader - he can quote himself and he can do it well, but I want only to refer to the fact that I, as spokesman on this bill for our party, made several points: (1) I said that the Carter Commission Report was just coming up and was about to be reviewed and discussed at length across Canada. I said this was not the time to bring in changes or new taxes but the time was to study what was proposed by Carter and to see whether the change should not be incorporated in whatever results from the Carter Commission, and you know, Mr. Speaker, I had the temerity to say that if \$25 million was needed - which I think was a figure being suggested as the revenue - I said for the time that it takes to study the Carter Commission Report, it would be --(Interjection)-- the Honourable the House Leader says that he thinks it was \$50 million. Maybe, but I do recall this, that I said that if we need that money and we need it for the purposes of education, I would support capital borrowing for the moneys that were needed for education, because I said: firstly, we could well afford to deficit finance in that way to give us the time it takes in order to develop an over-all review of tax policy such as Carter was about to complete or had just completed; secondly, that I felt that education was a justifiable cost that one could spread over a period of time because it is an investment in the future and, as I recall it, this argument was brushed aside completely. It took the Leader of the Opposition, who had the same nerve that I did apparently, but later, to come along and say that we should borrow 25 million on the capital market in order to raise the incomes, as I recall, of senior citizens. I think, if I'm wrong I hope you'll correct me now. He's nodding that that is what he proposed, and that is -- I wouldn't quarrel with deficit financing; I would say that it doesn't have the same intellectual validity of investing in the future as did my proposal on education, but that's one reason why I said "at this time" this party is not prepared to support a sales tax, be it 5 percent, be it 3 percent, or be it any tax at all. There we need time to study the over-all review.

Secondly, the point I made on behalf of our party was that the government of the day, the Conservative Government, had in 1964 brought in a tax that that tax was a tax on, well, fuel and other items, that that tax was designed, according to the promotor of the tax, to be a return of real property taxes or reduction of real property taxes, and according to a calculation which I presented time and again ad nauseam and never had responded to by the then very busy man who was both the Provincial Treasurer and Leader and Premier of the Party, President of the Executive Council, Chairman of Dominion-Provincial Relations for the Province of Manitoba the other thing, then he got that sidetracked into another matter, that he never responded to my calculation which did show that out of the moneys received \$5 million was not redirected into the purpose for which he intended it, he said he did, and that was relief of municipal taxation. And I said on behalf of our party that until he gave us a proper accounting of his promise that this particular revenue would be turned into reduction of real property tax and gave us a proper accounting, until he did that, then we as a party were not prepared to support the government of that time introducing that kind of taxation. And therefore I said - and I haven't read it lately but I'm sure I'm right, and it should be checked if anybody doubts me - I said not at this time, not by that government, would we support a sales tax.

I don't think I attacked the sales tax as such, but if I did it was in comparison with ability to pay taxes. And when we came into government we found that we were not dealing with proportional tax such as the Honourable the Leader of the Liberal Party wrote about in the Benson Iceberg. We were dealing with regressivity. We were dealing with flat premium

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(MR. CHERNIACK cont'd) taxes. We were dealing with a need, the requirement by the previous government, which is now proposing reductions in sales tax, we were dealing with their imposition on the people of Manitoba regardless of their ability to pay of a flat premium tax on health needs. And we've removed those, and it's to the everlasting credit of this party and this government that we were able to do it, and the only substitution in taxation that took place was an increase on the ability to pay tax; that we did it by taxing those of higher incomes. For that we take credit.

We attacked one other item of taxation, real property tax, and what man is there of a responsible kind who is a member of this Legislature who will stand and say that sales tax is more regressive than real property tax? If he does, he didn't say it at the time when we took tremendous efforts and spent expensive taxpayers' money to reduce taxation by refunding real property taxation based on amount of taxation as ability to pay, as we did in the last couple of years. And it is to the credit of this party that we were able to do it.

Let me come to a conclusion because I recognize that others wish to speak. Let me come to a conclusion of what I have a right to report of what took place at a closed meeting of Finance Ministers only recently. The reason I have a right, well as I recount it you will understand, that we were dealing around the table -- the word "dealing" is kind of appropriate except that the Minister of Finance for the Federal Government had all the cards in his hand -- but we were trying to deal with the problems of taxation around the table, ten provincial Ministers of Finance of every political spectrum as represented here, one Federal Minister, and the Ministers of Finance provincially in the main, led in timing by the Minister of Finance for Ontario, demanded that we of the provinces receive a greater share of the resources of Canada, of the gross taxes referred to by the Honourable Member for St. James the other day, and we opposed indexation, and we said that the rip-off that is being spoken about by members opposite and by federal people, did not apply to provinces because it has been recognized through studies made over the years - I mean recent years - that the costs of Provincial Government, the costs of Municipal Government are rising. They're projected to rise; but the revenues are not, to that extent. And the costs of the Federal Government are projected to decrease in relation to the revenue they are to receive. We said indexing, that is increasing the exemptions for income tax federally, may be justified but not provincially and don't you do it for us, let us do it ourselves. Let us find our ways of reducing tax. And the leader in timing on this was the Minister of Finance of Conservative Ontario. And he was challenged -- well you've got lots of room in your tax, you have the lowest personal income tax in Canada - what is it? 31.5 percent? You could move up; you could do more; and this I normally would not repeat but I checked with him and asked him for confirmation that I could repeat what he said. He said, "We in Ontario are taxing persons as much as other provinces. We have income tax, we have health taxes, premium taxes. When you add it up we in Ontario cannot increase taxation because we're doing as much in that field of effort as other provinces in Canada." And we last year brought to this House tables to show that according to our calculations we are not taxing any more than they are in Ontario or in other provinces. And I repeat that statement and I intend to bring these figures down again.

So when we're told about sales tax by all means let's remove it but let's also know where the revenue is replaced. Let us know that we have a consistent and proper attitude and let us recognize that just as inflation can bring in additional revenue, the cost of operating government, the cost of providing the services that people demand, and if the opposition has learned to demand over and above that which this government has been able to give so far is also subject to inflationary demands, that costs of supplying services, goods and services, through government are also subject to inflation. Costs go up and revenue must as well. Thank you, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Minnedosa will have the opportunity to speak next. The hour being 12:30 I am now leaving the Chair to return at 2:30 this afternoon.