

LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, 23 April, 1981

Time — 8:00 p.m.

ORDERS OF THE DAY

BUDGET DEBATE

MR. SPEAKER, Hon. Harry E. Graham (Birtle-Russell): The Honourable Member for Lac du Bonnet has 22 minutes.

MR. SAMUEL USKIW: Thank you, Mr. Speaker. Mr. Speaker, at 5:30 I was interrupted by the hour and it was at the point where I was trying to make a point and that had to do with a part of the speech of the then Minister of Finance way back in 1978 where he talked about the need to get the Manitoba economy moving again. The point I was going to make, Mr. Speaker, was that the only things that were going and moving were the huge moving vans that were moving people out of this province for the following three years and that perhaps was the significance of the particular contribution in that particular Budget Address, Mr. Speaker, only we didn't know it at that particular time.

Now, Mr. Speaker, in assessing the worth and value of the government's achievements given the fact that we're into the fourth Budget, one must observe the rate of progress that has been made year after year from that first address. So I did take the trouble to peruse all of the speeches and I want to remind members opposite of certain excerpts of each of those speeches and then present to you, Sir, and to the members here the analysis of where the last speech fits in, in context of the first three.

I believe, Mr. Speaker, I outlined at the beginning that in fact the last one is out of context because it is indeed an apology for having failed all of the things that were suggested in the first three. Mr. Speaker, on the second address of this government dated 1979, on Page 5, the Minister of Finance at that time stated that, "For 10 years and longer senior governments, both federal and provincial, have been mortgaging the future of this country without due regard for validity and integrity of the present economic base and the heritage our children have the right to expect. A sluggish economy, inflation and unemployment, more often than not aided and abetted by government policy and larger and larger deficits are only some of the problems which we must tackle successfully if we are to make the Eighties a decade of development".

Well, Mr. Speaker, I again want to remind members opposite that's not quite the way this Budget reads this year when, in fact, we are back to the highest budgetary deficit ever projected in the province's history. So it's another example of the failure of the announced policy of this government of three years ago, two years ago and, Mr. Speaker, if we follow through you'll find it is a failure of the announced policy when it was stated in every Budget Address.

On the next page the Minister went on to say that, "Confidence is fragile and once eroded is very hard to restore. Our government is not underestimating

the rebuilding tasks ahead". Mr. Speaker, you can add to that in spades. Given the fact that this government has lost complete credibility, there is no question that a future government in Manitoba will have a long way to go to rebuild the confidence of the people of Manitoba.

He went on to state, Mr. Speaker, "Our government's primary objective for the 1980s can be stated quite simply to ensure that it is a decade of responsibility and accountability in government and a decade of recovery and stability for the Manitoba economy and for all our people". Mr. Speaker, I don't have to tell you what comments should follow that statement because we have yet to witness the economic recovery that they were talking about at that particular time, which was two years ago. He went on to say, Mr. Speaker, "Our specific economic objectives are clear and straightforward as well; strong steady growth in employment and income centred in the productive private sector". Mr. Speaker, if you want to gauge your success ratio then you have to answer the question why 5,000 people had to find jobs outside of Manitoba in the last two years? A continued fight against inflation as far as it is within our power to do so, Mr. Speaker, was another objective that was listed by the then Finance Minister. But, Mr. Speaker, we have had no action in that regard by this government and certainly not by the Government of Canada because we have had nothing but high interest rates and a tangent on the part of both the Federal and Provincial Governments to push up the price of energy faster than it is now going up, which are the two main motivating factors behind the inflation situation of our time.

Then they go on to say that we have to have greater and fairer returns to agriculture. Mr. Speaker, it's good to compare because the Minister of Agriculture is in the midst of a dilemma at the moment where his pork producers of this country, of this province, are pleading with him and have been for a year for massive aid to prevent bankruptcy. The Minister came in with a supplementary item just a few days ago amounting to \$2.50 per hog, Mr. Speaker, a pittance relative to the need of the times, Mr. Speaker. —(Interjection)— Yes, Mr. Speaker, if that market had been maintained perhaps he wouldn't be in the position that he's in. But what is important to note, while the Minister of Finance in this Budget Address talks about expecting a lower performance because of the drought of last year and some flood conditions, what is interesting to note is that this is something they failed to recognize when the previous administration put out \$44 million to the beef producers in subsidies in one form of subsidy; another \$10 million in the form of feed supply subsidies in a couple of years but at that time our fiscal management was considered to be wanting, was considered to be a policy of bad management, of bad government, Mr. Speaker.

Now the last point, Mr. Speaker, the Minister at that time mentions the need to control the cost of government within the means of our taxpayers. Again, we're dealing with \$219 million of projected deficit in this year's Budget and in light of that

particular position, which is the second year in a row where that rhetoric was put forward in this Chamber, we find that they have advocated that particular area as well. One can go on and on, Mr. Speaker, and show where in every area of fiscal management that they have promoted, they have abandoned them all in this year's Budget.

Now, Mr. Speaker, one of the things that one has to remember is that the base year that they have used in comparison was 1977, one year out of eight within the previous administration the budgetary figures or the fiscal position was negative to the extent that it never has been at that level previously. The figure that they are using is incorrect, Mr. Speaker, because there was a lot of hocus-pocus in terms of changing the bookkeeping in that year in order to arrive at the \$191 million. Yes, there were moneys received from Ottawa which they didn't throw into the calculation. Yes, Mr. Speaker, there were moneys received for two purposes; one was on equalization and the other one was in the cost-shared agreement, amounting to some \$50 million or \$60 million, that were never shown as revenue and that's how they arrived at \$191 million in their final tally, Mr. Speaker. So one has to recognize that in arriving at their figure of 1977-78, that they had to change the bookkeeping method to get there.

So, Mr. Speaker, it is true, it is time for an accountability. We have to accept the fact that we have never taken the position on this side that there is not a place for capital projects; that there is not a place, Mr. Speaker, for deficit financing; we have never made that claim. The members opposite have made that claim and they've had to live with it ever since and they have not been able to live with it successfully, Mr. Speaker. They now have to rationalize their way out of that position so they reach away back and try to blame the previous administration, try to blame the Federal Government; yes, they want more revenue from Ottawa while at the same time, Mr. Speaker, they are telling Ottawa to trim its claw, that they shouldn't be spending as much; and that their deficit should come down as well in order that they too would be fiscal managers. Yes, like the gentlemen opposite, Mr. Speaker.

But when you examine it, Mr. Speaker, you find that that is a bunch of nonsense because, to the extent of the Government of Canada takes their advice and reduces the transfer payments to this province, this Minister of Finance will have to raise more money through taxation or have a higher deficit because he himself, in his own Budget Address this year, has indicated that 40 percent of our revenues are transfer payments from the Government of Canada in one form or another, in one form or another; so, you cannot have it both ways, Mr. Speaker.

Mr. Speaker, one of the glaring flaws in the policy, in the program, of the present government has to be in the fact that they have decided to withdraw themselves totally from economic activity, from the area of economic stimulation. One isn't suggesting, Mr. Speaker, that they have to add to their deficit, to their current account deficit, but Mr. Speaker, if there is an area that has been suffering in Manitoba for the last three years it has been the construction industry; that has been the major weak spot in our economy and it seems to me that between the

government and the private sector there ought to have been greater co-ordination of capital input into projects that would take place, perhaps even ahead of time if you like in order to counterbalance the down cycle, in order to offset the down cycle. But instead, Mr. Speaker, the government was on a binge; they wanted to prove to Manitobans that somehow we can carry on without spending any money. Yes, that's what they were trying to tell them and what they did, Mr. Speaker, is aggravated an already bad economic condition in terms of what the private sector was doing. The private sector was slowing down, they were aggravating that situation by pulling out as well. Instead of going ahead with the projects that were already under way in terms of hospital buildings, in terms of nursing homes and things of that nature, which is all construction, they pulled those projects and held them back hoping that they are going to re-introduce them at their convenience.

Well, I don't know what their convenience is going to be, Mr. Speaker, but I suspect that some were closer to the day of the election. You will have a whole string of these announcements that were pulled back in the last three years. I know that in Selkirk we see the Manitoba Telephone System is going to have a big project. There is going to be a new hospital now; it was approved away back in '77 but now it's going to be the big story and things of that nature. They've starved the industry for three-and-a-half years and now, Mr. Speaker, they are going to unplug it for a short period of time in order to get them over an election campaign.

Mr. Speaker, that is all what this government is about, is not how to do the things in public policy that would add to the standard of living of Manitobans as a whole, but how to manipulate the public mind in order that they can win another election. That is what this government is all about, Mr. Speaker.

Mr. Speaker, if there was any element of interest on this government's part to do something in the economy, surely they could have gotten together with private sector people in order to push ahead some construction programs where the major weakness lies but, Mr. Speaker, we have had nothing but stagnation in that field for three-and-a-half years.

So we're not suggesting, Mr. Speaker, that the answer is to have a bigger current account deficit but we will be suggesting that there's nothing wrong with more in the area of capital expenditure. The Premier is going to say, yes, but that adds to the debt as well. Of course it does, Mr. Speaker, but it is not the same thing because in the one case you are simply incurring a debt to cover your operating costs where you have no assets; in the other case when you put up a building you have an asset to offset your debt, so they are two different things altogether.

Now the government has made a big thing, Mr. Speaker, out of the idea that there should be some magic proportional spending on the part of the public sector vis-a-vis the gross provincial product, vis-a-vis the private sector. Mr. Speaker, I don't know where that comes from because it depends on what the public sector is doing. If the public sector is doing something in the economy that is going to be productive and for the benefit of the people of Manitoba, there is nothing magic about saying that

they ought to wnot do it because that would put them over the margin of percentage of activity over total economic activity in the province. What is so magical about a formula that says we have to spend money, bases a percentage of what the private sector is doing? If you have a government that is worried about playing an active role . . .

MR. SPEAKER: The honourable member has five minutes.

MR. USKIW: Thank you. . . . in the economy, Mr. Speaker, and a government that is concerned to do something in a down cycle, that's the time that you have to pump in disproportionate amounts of capital in order to reduce the down cycle or in order to have a smaller depression, if you like, rather than a deep depression. If that isn't a role for government, Mr. Speaker, there is no role for government in a mixed economy because otherwise what they are saying is that they are abdicating that responsibility to the whims of the investor public as to whether or not jobs are created, where those jobs are created, whether people have to move out of the province to get those jobs or whether they can have them within their own area, their own locale, all of that is set aside for someone else to decide. Now, Mr. Speaker, that is not the way in which governments ought to be operating in this day and age.

So what is the analysis, Mr. Speaker? We have a lack of job opportunities in this province after three-and-a-half years of nothing but rhetoric. We have a population decline. I don't know how well that is going to go over with the public of Manitoba. We have a continuing depression in the construction industry. We have high interest rates, Mr. Speaker. We have low agricultural prices in certain commodities and we have the highest per capita debt that this province has ever seen contrary to what they have been trying to make the people of Manitoba believe. So all of those things are a reflection on the economic performance of this administration and, Mr. Speaker, it's not performance, it is lack of performance. They have no direction; they don't know what they want out of the economy of this province; they are putting their faith in the fact that somebody else is going to do the job for them, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Springfield.

MR. ROBERT ANDERSON: Mr. Speaker, it's a pleasure for me to participate in this Budget Debate and I would like to take this opportunity to congratulate the Minister of Finance on his first Budget.

I should tell you, Mr. Speaker, that I have had a long association with the Ransom family. I attended university with one of his older brothers and we spent many hours arguing finance and economics and so on and I must tell you that I found him to be a bit of a leftie. But I'm very pleased to see that all those many evenings of sound logic and debate that I put to him has progressed by some process, perhaps osmosis, into the Ransom clan and we see that Budget that's come out to the benefit of all of us.

It's also the first opportunity in a wide-ranging debate that I've had to welcome the new Progressive

party and to participate in the House with them. Of course those of us on this side appreciate the stand that the Progressive party has taken on the Constitution but what we must not forget, Mr. Speaker, is that those Progressives are still only one generation removed from the NDP. Perhaps they're not even that far removed. Perhaps it's more of a clone than a separation by a generation.

Mr. Speaker, they are in fact socialists who believe that governments and bureaucrats can make better decisions for people than the people themselves. The 1977 election was fought on the basis of the ever-increasing intrusion of governments into the affairs of private citizens. The arguments that held at that time will be valid at the next election. Now whether or not my colleagues and I fight the socialists, or our socialist adversary, whether there are one of them, two of them or three of them if you count the Liberals in our respective ridings, it will make no matter. Manitobans will make their choice for the same reasons they did in 1977.

For example, the Member for Inkster said that the government purchase of farm land gives the farmers one more freedom, not eliminating a buyer but adding another. That's one argument I don't think you can sell to farmers. Farmers know full well what would happen if a government composed of those members across the way started buying farm land, there would eventually be only one buyer and that would be the state and in a generation all the land would be owned by the state and all farmers would be tenants or employees of the state. If the socialists wish to conduct that argument in the rural area, Mr. Speaker, I welcome the opportunity to deal with them.

Mr. Speaker, before I get into dealing with the Budget, something has occupied a great deal of time in this House and it's something related to the Hydro debate which has occupied a great deal of time and I must say, a very innocuous matter that should have been dealt with quickly. I'll just give you an example. For the questions that have been asked by the Member for St. Vital — he asked a series of questions in the Standing Committee on Public Utilities and Resources, starting on Friday, February 3rd — there are quite a series of them.

"Mr. Walding: I would like to ask whether Hydro received a legal opinion from any of those gentlemen, giving a legal opinion that the Tritschler Commission was exceeding its terms of reference". Then he carries on: "Can I then further ask in the event that there was a legal opinion to that effect, would that opinion be made available to the Committee"? And further down the page: "But what I am asking of Mr. Kristjanson is, would he produce that paper, that legal opinion if it does in fact, exist"? Mr. Speaker, he carries on later in the same meeting of that Committee: "My question has to do specifically with the legal opinion from legal counsel to Hydro's Board, stating that the Tritschler Commission was exceeding its terms of reference. I would also like to know, Mr. Kristjanson might also want to make note of, as to whether that legal opinion recommended the Hydro Board apply to the court to prevent the Tritschler Commission from proceeding beyond the stated terms of reference, and if that is the case why didn't Hydro do so or perhaps it did do so and it didn't come to my notice,

but I would be interested to know how that legal opinion was dealt with by the Board".

Then the next day, Tuesday, April 7th, Page 107: "I asked whether the Board had received a legal opinion from its legal advisers at the time of the Tritschler Commission. I'm waiting for an answer to the question".

The Leader of the Opposition then got into the act and asked the same question yet another time: "Did Hydro receive a legal opinion that the Tritschler Commission was exceeding its terms of reference"?

The Minister of Energy and Mines then clarified the question. "Essentially," according to Mr. Craik, "he was asking as to whether or not the Board had been advised formally by a lawyer or their legal counsel with regard to certain procedures that should be followed in regard to the Tritschler Commission". Of course, the Member for St. Vital agreed that was essentially the case.

Further, the question is being answered by Mr. Blachford. He repeated Mr. Walding's question: "Did Manitoba Hydro lawyers give an opinion that Judge Tritschler was exceeding his terms of reference? We looked into this, and no request for an opinion was asked of Manitoba lawyers nor did they give an opinion in this respect".

Page 109, Mr. Craik, the Minister of Energy and Mines, spent quite a bit of time. Page 113: "Well, Mr. Chairman, I can tell the Leader of the Opposition directly that the former legal counsel certainly did not in any direct way advise me of his feelings in this regard. I am quite aware of the fact from the former Chairman of Manitoba Hydro, that Mr. Martin left under a high degree of disturbance over the affairs with regard to representing Hydro on the work of the Commission, and so on. So if it's any help to him, that's about as much help as I can give him, but there is no formal — as you can see just so the record is complete — there is no evidence in Hydro of at least a formal concern being expressed about the terms of reference of the Commission, although it is quite possible he may have on a personal basis, expressed those concerns".

The Leader of the Opposition then asked a question essentially as to whether the legal counsel for Hydro had recommended that the proceedings be initiated in court to quash the proceedings of the Tritschler Commission. The Minister of Energy and Mines then answered: "Mr. Chairman, certainly not in any formal way, not either directly by that legal counsel nor directly by the Hydro Board. But as I say, there's no doubt about the question that he was disturbed about his work, Hydro's position. Some of the things that were occurring as a result of the enquiry, whether or not the terms of reference of the Tritschler Enquiry Commission were his concern, I can't tell you. It may well have been wrapped up in his entire concerns about it. It may well have been one of his reasons for leaving. You will have to ask him".

The Leader of the Opposition then asked a question regarding releasing presumably Mr. Martin from any solicitor-client confidence. The Minister of Energy and Mines then answered: "Mr. Chairman, I think we should be clear that if he at that time had concerns, certainly he was bound by his obligation to his client to have formalized those concerns. The committee has been told that there is no evidence of

that. I have no evidence, nor have I ever seen any evidence of him formalizing a concern about the operations of the commission".

These questions were further clarified by both Mr. Kristjanson and Mr. Blachford on Thursday, April 9th, Page 132 in Hansard, Mr. Speaker.

"Mr. Kristjanson: We have indicated that the records have been searched and there was no formal opinion either sought or received. I will ask Mr. Blachford whether he has any further comment on that because the search was as complete as we could do at that time. If there is any evidence to the contrary I'd like to hear it now".

"Mr. Blachford: Yes, I've asked staff to look through their records to see if there was any evidence of this opinion that is alleged to have been given and they don't have any copy of such opinion".

Mr. Speaker, I have before me a copy of the letter that was tabled earlier today from Aikens, MacAuley and Thorvaldson to Mr. Kristjanson, Chairman of Manitoba Hydro. The key sentence or key phrase there — the document itself is not a legal opinion. Well I wasn't present in the House yesterday, there was a resolution put forward essentially indicating that the Minister of Energy and Mines had misled the House which took up the whole afternoon. We also spent the whole afternoon on Monday dealing with this whole matter that had been effectively dealt with during the proceedings of the Public Utilities Committee, all of which took the best part of six hours of House time which of course prevented some eight members from making their contribution to this debate. Had the matter been of some substantive nature that would have been quite another situation but for a matter of this magnitude, Mr. Speaker, I suggest that the House could have used its time to much better effect.

Mr. Speaker, my Minister has brought in a realistic Budget and the realistic picture of national and international economic conditions that confront governments everywhere. Briefly the Minister reminded us that the high growth rates of the 60s and the 70s have disappeared; that international financial markets are facing the most serious problems since the 1930s; that Canada and the world are experiencing record inflation, unprecedented interest rates and unprecedented interest rate volatility and chronic high rates of unemployment; that the investment climate in Canada as a whole is considered, at best, to be uncertain; that the fiscal position of the Federal Government is out of control and that federal initiatives in the fields of energy and the constitution are dividing the country.

Mr. Speaker, against this background the people of Manitoba have had to cope with a drought and forest fires, nevertheless the economic achievements of the province are significant; in fact, they reflect the basic strength and the diversity of the economy, the resources, and most important the ability and enterprise of Manitobans. In turn, the Progressive Conservative government proceeded with prudent policies to ensure that the quality of life in Manitoba remains the highest available anywhere in the world.

Upon assuming office in October of 1977, the Progressive Conservative government outlined its major economic objectives and priorities. The government's track record clearly indicates that

substantial progress has been made in the realization of those objectives. One of the first objectives of the Progressive Conservative government was to encourage expansion in the private sector and to allow it to resume its traditional leadership role in the economic development of the province. Despite difficult external pressures the private sector responded strongly and effectively, especially the mining and manufacturing sectors. The success of this strategy is readily evident when one looks at the job-creation rate in the last three years. Private-sector employment increased by approximately 30,000. In the last three years of the NDP government only 10,000 jobs were created and some seven out of 10 of those were in the tax-supported public sector. Expansion of the private sector required a reduction in government intervention in the daily economic affairs of the province. Towards this end the Manitoba Government has been working to reduce government red tape and has been in the forefront of regulatory reform efforts across the country.

In addition the government has attempted, where possible, to extricate the taxpayers of Manitoba from involvement in a variety of business ventures undertaken by the NDP; the lessens of Saunders Aircraft and the government-owned Chinese food factory speak for themselves. As the Minister said, Mr. Speaker, there is no bottom line, no personal stake, and no real accountability.

Another goal set by our government was the expansion and diversification of the province's industrial structure, particularly in manufacturing where the greatest potential exists for permanent job creation. Here too the record speaks for itself. The past three years have seen a significant upswing in manufacturing. The growth and the value of shipments has exceeded the national average in each of the last two years and the total reached 4.3 billion in 1980. Manufacturing employment growth has effectively restored the losses which occurred between 1975 and 1977 and the rate of increase in manufacturing investment has totalled 54 percent in the last three years according to Statistics Canada.

Renewed development of natural resources for the benefit of Northern Manitoba and the entire province was another area targeted for action by this government. Mineral resource development policies were restructured and tax and royalty rates were altered to ensure competitiveness and fairness, both to the industry and to Manitobans, to encourage expansion and to guarantee satisfactory direct and indirect returns. While international market conditions have been favourable the government's policies have contributed to an encouraging turnaround in the provincial mining industry. Industry spokesmen have indicated that the new investment climate in Manitoba has been a key determinant in making Manitoba once again a focal point for mineral exploration and development and instead of, as it was during the NDP years, a jurisdiction to be avoided. As a result the value of mineral production in the province increased by 28 percent last year to some 834 million following a 40 percent in 1979.

New records were set in exploration; expenditures doubled from \$16.6 million in 1979 to \$31 million in 1980. Record expenditures on oil exploration and development were also established last year at a

high of \$32 million. Just recently, Omega Hydrocarbons Ltd. has announced some encouraging news regarding new oil discoveries in the Waskada area; and Clarion Petroleum Ltd. has announced their intention to undertake an intensive \$5 million oil exploration program in the Virden area.

On the mining side the old San Antonio Gold Mine in Bissett will reopen this year with a \$15 million start-up program and potential employment for 197 people. This addition, Mr. Speaker, does not take into account my understanding that there are a number of smaller properties in the Bissett area that will be developed once the concentrator being built at Bissett is opened, to process their ore. As well, there will be substantial spin-off industries in the Bissett area such as logging for mining timbers and so on, all of which would not happen were it not for the climate that has been created by this government since 1977.

Under the former NDP government the essence of Manitoba agriculture, the family farm, was being destroyed with the NDP policy of state-farm ownership which I mentioned earlier. Upon assuming office the P.C. government has emphasized the need for greater stability and fairer returns in agriculture. The present government abandoned the former policy of buying up farm land and farmers may now purchase land which could only be leased under an NDP government, nor do farmers have to compete with government in the purchase of land.

While the agriculture sector has faced severe pressures in recent years, preliminary estimates indicate that the total value of agricultural production in Manitoba reached a new record of almost \$1.7 billion in 1980. Farm cash receipts also went up to \$1.4 billion, an increase of about 9 percent over the 1979 total. —(Interjection)— Not bad for a drought year, that's quite right. These figures do obscure however the significant negative impact of the drought on potential production and the producers' net income positions. Nevertheless, the special assistance measures introduced by my government last year proved quite effective in backing up the determined efforts of the producers to prevent permanent damage to the agricultural sector and particularly to livestock production which had appeared especially vulnerable.

An overriding objective of the Progressive Conservative government remains a continued fight against inflation although it is a national and international problem over which individual provincial governments have little control. What the present government has been able to do is to avoid contributing to inflationary pressures by cutting taxes, by holding down the rate of expenditure growth and by providing increased assistance for Manitobans with low and fixed incomes through the specially targeted White Paper programs. CRISP, SAFER, SAFFR, increased Property Tax Credits, increases in the Manitoba Supplement to Pensioners, expanded Day Care Programs and of course Hydro rates were frozen for five years.

During the past year, the Consumer Price Index for Winnipeg remained below the national average and was one of the lowest rates recorded by the major cities in Canada. Perhaps one of the most important economic objectives in terms of what a provincial government realistically can expect to do was the

commitment to keep the cost of government within the means of taxpayers. The P.C. government has gone a long way towards achieving this goal.

A significant number of taxes have been reduced or eliminated. For example, the personal income tax rate was reduced; succession duties and gift taxes were eliminated; the corporate income tax rate was reduced and a wide range of new exemptions under the provincial sales tax were implemented. At the same time major reforms were undertaken in the area of resource taxation and a number of nuisance taxes were eliminated and an end was put to compulsory participation by government in private mineral and oil exploration.

Mr. Speaker, the end result of this Budget has been the improved climate within the province while this government has made dramatic new thrusts in the fields of particularly education and health. For example, Mr. Speaker, the Education Support Program which is a dramatic departure from the system of education finance that had not been significantly changed since 1967. Throughout those years, school property taxes have been increasing and there were substantial inequities developing within the system. In addition, the plan also assists school divisions in meeting the problems of declining school enrolments as well as inflation and it affects a shift from the real property taxpayer to the general revenues of the province. The major highlight of the program is a substantial increase, some \$70 million, in direct government funding for schools this year. Over the past eight years the annual increases have generally been in the range of \$10 million to \$20 million.

I might add, Mr. Speaker, that the vast majority of residential and farm property owners in the province have had their school property taxes reduced or held at 1980 levels in spite of increased school expenditures due to inflation. Mr. Speaker, to maintain a tax rate at a level position facing an 11 percent inflation rate, is no mean achievement. This new program has resulted in greater equalization of education funding across the province.

In addition, there has been a major increase in the funding for the education of children with special needs and this year some \$23.6 million will be devoted to that program. As a result of the commitment made by this government during the 1977 election, that 80 percent of the cost of education in the province would be paid by general revenue, the Education Support Program fulfills that commitment and I believe to the greater good of my constituency and to most of the constituencies across the province.

For example, Mr. Speaker, the River East School Division which is the school division that serves the East St. Paul portion of my riding, on balanced assessment my constituents' school mill rate will be down some 6.2 mills. In the Transcona-Springfield School Division, in that portion of the division that serves my constituents, namely in the R.M. of Springfield, down some 12.9 mills. In the Seine River School Division which serves the rural municipality of Tache down some 14.4 mills. Mr. Speaker, these are significant reductions in the school mill rate and I'm sure will be welcomed by all ratepayers in the province and I'm sure will be remembered when the time comes for them to consider whom they will choose for their next government.

The \$115 million increase in the Health Budget proposed by the Minister of Health includes a very broad range of new programs dealing with public health, our aging population, nursing shortages, the Alcoholism Foundation in Manitoba and Manitoba Health Services Commission. Of particular interest to my constituency, and I think to most Manitobans, was the commitment by our Minister for an additional 767 personal care beds and the closure of 180 substandard beds, to end up with a total of 8,133 personal care beds in the Manitoba health care system by March of 1982. This compares with the current total of 7,546 beds and a total of just over 7,300 beds when this government assumed office.

What about some Capital programs, Mr. Speaker? The Hospital Services Commission has Capital programs of about some \$235 million. Those major Capital expenditures include the new \$6.5 million Blood Fractionation Plant for the University of Manitoba's Rh Institute; a new \$2.25 million building for the Mount Carmel Clinic; \$2.9 million to replace the hospital at Arborg and to upgrade the one at Gladstone and \$1.5 million to renovate the Emergency and Physiotherapy, Occupational Therapy Departments at Victoria General Hospital. Again, hardly the type of programs you would find, Mr. Speaker, from the uncaring government that has been described by the Leader of the Opposition.

With that type of attitude, Mr. Speaker, I would suggest he may well be the Leader of the Opposition for quite some time to come although that implies making a decision on behalf of the people of Selkirk which I wouldn't choose to do at this particular time.

Mr. Speaker, there's one other subject that I wish to touch on in my remarks and that was the announcement made in this House at 2:00 o'clock on Monday of this week, namely, the announcement of the signing of the Letter of Intent between the Government of Manitoba and Aluminum Company of Canada. Mr. Speaker, because a member of the press gallery created a bit of speculation that the plant would be located within my constituency, namely, in the Anola-Vivian area and I can't speak to that nor confirm nor would the Alcan officials when they had their briefing meeting for the Members of the Legislature. But I do hope, for that member of the press gallery, that it does in fact become a self-fulfilling prophecy. I must admit that it did feel good to be referred to by my colleagues as the Aluminum King. I trust that whether it is, in fact, located within my constituency or not, Mr. Speaker, the main thing is that this facility when it is located in Manitoba will provide some 700 permanent jobs, a capital investment of some \$500 million in the plant itself, some \$500 million of investment in Hydro generation facilities. The four-year construction period for the plant will involve some 600 jobs per year.

Mr. Speaker, much has been made of the Letter of Intent and the inference by a lot of people that Alcan are being given a piece of Hydro. Mr. Speaker, as I read that Letter of Intent what will happen is that when a new hydro plant is built, assuming that the Alcan in the Province of Manitoba decide to proceed with this project, what will happen is that Alcan will buy a portion of some new Hydro generating facility, a large enough portion to serve their requirements, namely the best part of 500 megawatts of installed

capacity. This by the way, Mr. Speaker, is the equivalent of almost the entire Winnipeg River system or the entire Grand Rapids Generating Station. It's a massive amount of hydroelectric power that's required. Mr. Speaker, I think it's a very useful departure in that I would far rather see that amount of electricity used to provide some 700 direct jobs in Manitoba, and perhaps another 1,000 of indirect jobs in Manitoba, rather than exporting that power. That kind of activity in this province will further broaden our industrial base. All the offset jobs of course broaden the pool of skilled people here in the province which will attract further industries both related to the aluminum industry as well as others.

Mr. Speaker, it has been a pleasure to participate in this debate. The Minister of Finance has put forth, as I said earlier, a most realistic forward-looking Budget at a time at a time in Canada's history when a great many jurisdictions are facing severe problems. If the Federal Minister of Finance used as much fortitude and good sense when he brings down his Budget, perhaps all of Canada would be better served. At any rate, I look forward to speaking to the people of my constituency on this Budget. I'll proceed over the coming months with security knowing that the financial affairs of this province are in good hands indeed. Thank you.

MR. SPEAKER: The Honourable Member for Kildonan.

MR. PETER FOX: Thank you, Mr. Speaker. I am delighted to get involved in this Budget debate and I must tell you, Mr. Speaker, that my usually short speech will probably be even shorter this time because as you know I like to speak to the point and be terse and get to the meat of the matter. Unfortunately, having endured almost two hours on Budget night listening to the Minister of Finance, I was very disappointed. Also I was a little uncomfortable because that evening I had some discomfort due to having had a cyst removed in my back, but I thought it was important that I attend because I expected, like everyone in Manitoba, great expectations and it happened that in my opinion the Minister of Finance bombed out.

Even the Free Press had to say on Wednesday, April 15 that, "Mr. Ransom was obviously uncomfortable with the Budget. He was unable to explain how a deficit of more than \$200 million this year could be called manageable, while a deficit of \$191 million in the year 1977-78 represented fiscal policy that was out of control". They also went on to say, "Mr. Ransom will also have to explain how a government of fiscal responsibility can run a deficit of this size while the previous government, when it did so, was worthy of being called fiscal arsonists in office to lay rampage to the public tax dollars," which was quoted by Premier Sterling Lyon in 1979. This is the kind of rhetoric that was used by our First Minister. It's not the only time he used that kind of rhetoric which is irresponsible and which reflects upon his Finance Minister. We find that in this Chamber quite a bit of that irresponsible rhetoric has taken place. There is continual character attack, innuendo, red baiting, but in general avoiding the issues that we are here to debate and here to try to forward to make the people of Manitoba have a better government and a better place in which to live.

I find that the Honourable Minister of Health the other day, put forward a beautiful speech — it was a lot of rhetoric — but I had to look at it three or four times to see if he had raised any issues and unfortunately I couldn't find any. He went ring-around-the-rosie and never said a thing of any substance.

So, Mr. Speaker, I want to come to the point of my speech, which is as I have said so many times previously, that this government is perpetrating a shell game on the people of Manitoba. They promise this and they promise that but when you look underneath the shells there is never anything there, the pea has disappeared, the old shell game — the carny, giving you the come-on — come on you can win, just stay with us, listen to us, a lot of promises but never anything there.

When they first came into office they indicated that they were a responsible government. They were going to have cutbacks and restraints; they had a big task force went around and checked everything and of course they were going to cut out all the fat. They were going to cut back on the Civil Service; they were going to find tax dollars that had been squandered and wasted all over the place. Well they did institute some restraint, Mr. Speaker, they did cut back on the Civil Service, but unfortunately their Budget didn't cut back and their promises in respect to deficit, that too they didn't keep, again the little shell game of just believe us, just listen to us, but it's never going to be there underneath the shell.

The deficit has not disappeared yet, three times, this is the fourth time and again the shell game in respect to the deficit itself this year. They only say it's \$219 million but again, Mr. Speaker, that's not true. How about that 224.8 they took out of Municipal Reserves, isn't that added to the deficit? So, again they are not telling the truth, again they are giving us the old shell game.

In respect to restraint, yes, they cut back on a number of areas and who had to pick it up? The municipalities had to increase their taxes. I have two children going to a post-secondary education, I find the tuition fees went up. What is happening today, transportation costs are going up; they went up after the first year of their office and now the City of Winnipeg has had to raise it again. Why? Because this government has played the shell game, it has promised something and it has not produced. — (Interjection) —

I hear a little yippy over there and it seems like a piece of veal on four feet has lost its mother, a little calf is bawling. The Member for Pembina has a penchant for yapping from his seat and always he has inane remarks. I'm surprised that he hasn't learned, Mr. Speaker, —(Interjection)— very good, something has to be new. You guys can't produce it.

.In respect to the Civil Service, Mr. Speaker, I checked the figures when we were in the Estimates of the Civil Service and they are back to the same stand where we were before, although they had promised to cut them back. But what has not been indicated and which is again something that has to be pointed out where the shell game is taking place, is the fact that they have hired outside auditors — the Audit Department has been increased — but not by manpower, but by costs. So again the people of Manitoba are paying extra and they don't know

where it's going to because these people make promises that private enterprise can do everything and unfortunately they're finding out that it isn't so.

Mr. Speaker, over the years we've had a mixed economy and a mixed economy has generally balanced between the 40-50 percent of one or the other. —(Interjection)— There's not a thing wrong with private enterprise, Mr. Speaker.

MR. SPEAKER: Order please. We can only have one speaker at a time. I recognize the Honourable Member for Kildonan.

MR. FOX: Thank you, Mr. Speaker. I'm delighted that I'm getting underneath their skin, that's why their yapping away the way they are.

Anyway, Mr. Speaker, I'm not against private enterprise but it was that government over there that said, it's up to private enterprise to produce — they put all their eggs in one basket — and unfortunately again they bombed out, again we were looking for the little pea underneath the shell and it wasn't there, it didn't produce.

Now you know yourself, Mr. Speaker, that if we have a mixed economy, half and half, if you cut back in one sector there's bound to be a reaction in the other sector. So if you cut back in public enterprise in respect to your spending and in respect to what you are going to require, then private enterprise must do exactly the same; for every action there is a reaction, but these people over there on the government side don't understand that, Mr. Speaker. They think that private enterprise can pull off miracles; well it isn't so. Again they are find out that their little shell game has been seen through. —(Interjection)— It's really bothering the Member for Gladstone. I'm delighted I'm getting under his skin too. I hope to hear from all of them eventually because it must be that what I am saying makes sense and that's why they are getting excited and getting angry. —(Interjection)— That's right, I can read very well my own notes and if you wish I will even table them. You may get a lesson out of them.

Let me say, Mr. Speaker, as I said for every action there's a reaction. These people put all their eggs in the one basket, in private enterprise, and unfortunately it couldn't produce because there's just no way if you cut back in jobs in the Civil Service, if you cut back in respect to public construction; in respect to public purchases, that there's going to be more purchases by the private sector. After all the private sector is delivering goods and services that sometimes we buy through the public service and if there's no buying power then the private sector has to cut back; it's as simple as that. Anyone with a Grade 5 education could probably figure that out but unfortunately we've got so many economic experts over there they haven't figured that one out yet.

Let me indicate, Mr. Speaker, that there was another bit of a shell game. This government made a big fanfare about the fact that they had stabilized Hydro rates. They overlooked the fact, or else conveniently don't see it, that it takes years and years of planning and it also takes years of capital cost and construction before you have firm power on the line, before you can promise something for the future in any meaningful fashion. But this government upon one year of office took credit for all that had gone before in respect to Hydro and that they would

stabilize rates. Again the shell game — it's nice to say to the people of Manitoba, oh we're going to stabilize your rate. But where is that little pea that's been hidden from the public. It is in the fact that they took over to pay the differential in the interest and in the cost of that money and made that payable out of Consolidated Revenue. So the people are getting a hidden cost again — a little bit more of that shell game that I've been talking about, Mr. Speaker.

Let me indicate something else that they have done in respect to his Hydro stabilization. We export power and what have they done, they have made those people on a stable rate as well. Who is paying for the cost of the money in the meantime? The Manitoba taxpayer. So again a bit of that shell game is going on.

Mr. Speaker, these people don't seem to ever learn as to what is the right way or the wrong way to do something. They just keep on doing things and think that people will continually be fooled by them. We export power to Saskatchewan, to Ontario and to the United States and here they have given those people a freeze for the next five years as well. We, the people of Manitoba, are picking up that cost while it would have been much fairer if they had said let the users of Hydro pay for this cost of money that we have borrowed on the foreign exchange area. It would have been much fairer if the user would have paid for the cost of that money and not had the people of Manitoba subsidizing that but they wanted to make a Brownie point so they played the shell game on the people of Manitoba.

There's another shell game going on, Mr. Speaker. That is the fact that they think people are really so imbued with the Conservative government that they will buy anything. So what have they done? They used the people's own money to advertise the fact that this is a good government, that this is a nice place to stay in, instead of creating jobs, instead of making the climate available so that people will want to stay. I don't think anyone who's a good Manitoban wishes to move out but unfortunately many of them are forced to move out.

This afternoon, Mr. Speaker, I was speaking to a member of the Electrical Workers Union and he informs me that in the construction group of electricians over 60 percent are unemployed. He, himself, had just returned from a trip to the west coast looking for a job. He had four other chaps with him; they pooled their money and they went in one car and they find that there are jobs available in every other province west of here but there's no electrical jobs in the construction industry available here in Manitoba — over 60 percent he informs me are unemployed.

What's the point of advertising that this is a good place to live if you've got to starve in the place; what's the point of advertising that you have done something real well for the senior citizens when you haven't. Mr. Speaker, these people were informed last year that the rebates in respect to home owners were not going to work out as they had indicated, that people were not going to get more, people were going to get less especially those who needed it. They didn't believe us, Mr. Speaker. This year, very reluctantly they have admitted that there may be some kind of anomaly, a bit of the old shell game,

using words. They won't admit that they made a mistake, just some kind of an anomaly. So what are they doing, Mr. Speaker? A year from now, a year hence, those people will get some of the money back; they will re-alter the program if they're in government that long and they will then make allocations for that which they were informed was wrong 12 months ago. Mr. Speaker, this government is still playing the shell game. It already took the money away that it may perhaps give back next year at income tax time. So therefore again the citizens of Manitoba are getting a short-shrift, are not getting that which is fair to them.

Mr. Speaker, you want to talk about responsible government. These people were supposed to be the efficient managers, they were supposed to know how to operate everything so well, even a peanut stand because they said we couldn't so it must have been that they could operate a peanut stand. Well I'll tell you I wouldn't want to eat the peanuts that they have been operating to date. They're probably all burnt or else they're all raw. They wouldn't know how to roast them even never mind operate the stand. But I'll tell you the most interesting part about all of the speeches we've heard so far, and especially by the Minister of Finance, is that this was a Budget of excuses and alibis. I haven't counted the pages but I know I waited till past 9:30, from 8 o'clock on, to hear what was in the Budget. All I could hear was that the blame was on the NDP; the blame was on the Federal Government; the blame was on other areas of the world, even the OECD was brought into the picture. Everybody else had problems and that's why they were having problems. They forgot that they are the government, that they were supposed to govern. Mr. Speaker, I just wonder after four years now when they are going to govern, if ever. It seems to me that it's still the old shell game — listen to us and we will save you from the wilderness.

Mr. Speaker, these people have got tunnel vision. When they were in Opposition they blamed the government — the government was the New Democratic party. Now that they are in government, again we in the Opposition are to blame. So I just wonder whether they are not, besides playing the shell game, playing the other game of heads I win, tails you lose. No matter which way the Opposition through that group of people goes, whether they are in government or out of government, they are always to blame. Mr. Speaker, I again ask you, I wonder when they are going to govern, when they are going to free Manitoba. I don't know what they were going to free it from but I know that a number of Manitobans are free of Manitoba; they're no longer here, which is very unfortunate. Some good friends of mine had to leave simply because they couldn't make ends meet in this beautiful province.

Mr. Speaker, this government in the past few years has brought on some real interesting ideas. They call them megaprojects. You know, they were going to have some beautiful things last year in their blue skies Budget and, unfortunately, after we got through all the rhetoric and took away all the verbal foliage that was there, we found out it was just a bunch of promises again. This year it's still the megaprojects and I certainly hope, Mr. Speaker, that we do have large projects in this province. I'm all for that. I think we can use as much development as there is

possible in order to make our province better than it is today.

I want to tell you, Mr. Speaker, aside from some of the comments which again are to distract and which do not add to this debate, these people are not going to do anything about these megaprojects. They are only using them as a come-on. If the private enterprisers want to come in here they'll come in here if the climate is right, if the advantage is to them. The only other way they may come in is if there's a dead giveaway by that government, something on the same vein as it was for Churchill Forest Industries, which was a dead giveaway of the peoples' resources. We had to resurrect that and we had to save it, unfortunately.

But I want to tell you something else why I don't believe, and why I think this government is playing the shell game in respect to the megaprojects, because they had megaprojects and they did nothing about it. You know, there was Swifts, with over 600 people; there was Maple Leaf with over 200 people; there was the Tribune with over 600 people. Those were all megaprojects. What did this government do? It sat on its hands and said, "Oh, we can't do nothing". So again, in respect to megaprojects, the old shell game. "Just listen to our promises; never mind what we've done in the past; never mind what we'll do in the future but just listen to promises".

We will be debating this only until tomorrow. But, Mr. Speaker, some of the issues that have arisen in the past week are probably even more important than the Budget because the Budget itself didn't make an impact on Manitobans. I spoke to many people out there and none of them were happy about what has taken place in respect to the Budget. They weren't excited; they weren't very happy, the fact that there was a larger deficit. When they were informed that it was even larger but it hadn't been publicized to the extent that it should have, they weren't amazed at all, because they are beginning to see, the public is not as unintelligent as some of the members over there on the government side believe they are, people are intelligent. They see through the shell game that this government has been perpetrating ever since it came into office.

The Premier, one of these days, will have the courage to call an election. The only thing I'm afraid of is that he's going to put it off, put it off and the longer he puts it off the less options he'll have and also the less favour he'll have. I think if he goes sooner maybe some of the people still haven't caught on to all of the shell game that this government has been perpetrating. But nevertheless, this Budget is a shell game, it hasn't changed anything from the last three Budgets; it's a deficit Budget, and each one has been a little bit bigger than the one before. These are the people who were supposed to be such good budgeters; they were supposed to be such good managers, and they never never came through; they never never managed to balance the Budget as they had indicated they would. On top of that they haven't kept very many of their other promises either. All they have done is indicated, "Believe in us, and we'll lead you to the rosy land". Unfortunately, the people of Manitoba are lying in amongst a lot of thorns. We've got more unemployment that we've had before; we've got a very very low ebb in our economy. This government has done nothing to improve things.

I want to go one point close to my own constituency. The Minister of Health has beautiful rhetoric and everything else but I want to inform him that many of the people that are in my constituency work in Concordia Hospital. I also had occasion on two or three occasions to be in Concordia for minor medical reasons. I want to tell you those people there haven't been fooled by this government's cutbacks and everything else. They know that they've had to cut back on services; they know that it's been very difficult to operate under this government. The one word I've had from very many people around my constituency is that Tory times are hard times.

I want to thank you, Mr. Speaker, for giving me this opportunity to let you and those members over there know that their shell game is being seen through. Thank you very much.

MR. SPEAKER: The Honourable Minister of Consumer and Corporate Affairs.

HON. GARY FILMON (River Heights): Thank you, Mr. Speaker. It's a pleasure to be able to address the Budget debate. As things were progressing during the past week I was beginning to wonder whether or not I'd get an opportunity to address the debate but having achieved that opportunity I'd like to begin by congratulating the Minister of Finance on bringing forth a realistic Budget. Given the background of the national and international economic conditions, I think that he has acted prudently and wisely in bringing forth a blueprint and a financial plan for this province that makes sense.

Just some of those adverse conditions that have been alluded to by my colleague, the Member for Springfield, are of course the very very record high interest rates; the levels of inflation that are being experienced all across this country and certainly internationally, not in any way of course helped by the size of the Federal deficit which is projected at \$14 billion this year; and of course record high projected levels of unemployment that I believe the Federal Minister of Finance last November suggested might be anywhere from 7 to 10 percent in the near future and which obviously have a very very damaging effect on, not only the national economy but certainly the things that we are endeavouring to do in the provincial economy. But given all of those adverse conditions, the Minister has brought forth what I consider to be a realistic and a positive Budget for the future of Manitoba.

Just in digressing for a moment, the Member for Springfield took the opportunity to bring greetings to the New Progressive party in the House. In fact, the point hadn't struck me at the time, but perhaps the opportunity might be a fleeting one so I'd better take my opportunity now and bring greetings to the Progressive party because there may not be another opportunity in the next while. —(Interjection)— Yes, I can relate to my children and my grandchildren that I sat in the Legislature with the Progressive party when of course they're defunct in the future.

Mr. Speaker, there are other things of note that have taken place in this Budget debate. Tuesday I think was a very very signal day for the Budget debate. It brought forth some very positive commentaries, some absolutely stirring speeches. In fact, Tuesday I think was the only day that we haven't had some serious disruption of the activities

of the House by procedural wrangles and motions of privilege and all of those frivolous and vexatious kinds of things that members Opposite have been bringing forth to avoid the real issues of debate in the House today. Tuesday brought forward some very interesting commentary.

We had of course the Minister of Education, who brought forward a very logical, rational, organized presentation, just as a true educator can only lecture to a group such as ours he brought forth an excellent view on just what's in store for the economy of Manitoba and just what this Budget means to Manitobans.

As well we had of course the inimitable presentation of the Minister of Agriculture in his enthusiastic, bombastic, robust and stirring presentation. He got all of us on the edge of our seats in the course of his presentation — that was the Minister of Agriculture.

And of course, the coup de grace was delivered by none other than the Minister of Health, with his superb command of the English language, gained only from experience in the media as a professional communicator, gave us an incredible speech, sent everybody in the House, members on both sides and the media scurrying to their dictionaries to try and understand some of the very astute comments that he was making. In fact, not only did the Minister have to refer to it again, I just had to wait for Hansard to come out, because I couldn't believe it.

MR. SHERMAN: Gary, I say you're doing a tremendous job yourself.

MR. FILMON: In fact, it occurred to me that I could do worse than repeat some of the phrases that he used Tuesday evening.

A MEMBER: Spell them.

MR. DEPUTY SPEAKER: The Honourable Minister.

MR. FILMON: Spell them? That's the problem. I had to get Hansard to ensure that I could. For instance, he was referring to the comparison between our form of government and those opposite and he said that ours is one without sugar-coated preachments and fictions such as we got for many years under the previous administration. Then further, when he referred to how sad it is to those socialists of old who must be looking with disdain at what is happening in the Opposition ranks these days and he said, "Where are the purple fulminations of the former Minister of Labour, the Member for Transcona? Where are the irreverent icon smashing speeches of the former Minister of Highways? Where are the agonizing, self-lacerating confessions of the Member for St. Boniface?" And in summary of the Budget and what it means to all, I think we could do worse than using his phraseology when he said, "A fine document of social and fiscal consciousness, which sets out the parameters in which we will operate and move this province forward and demonstrate that Manitoba certainly enjoys a place in the Canadian sun". True words then; true words now.

Well, Mr. Speaker, having said that I'd like to move into some of the other speeches we've heard in recent times, however, there hasn't been a great deal

of note to comment on, although the Member for Kildonan, aside from ten references to the shell game, indicated that economic development took place in this province, "if the climate is right". Those were his words, "if the climate is right". I think that there's no question that he was indicating that the climate was not right in the past but is right today. I think that's some of the indication of what we can expect in this province in future due in large measure to the measures that have been brought forward by the Conservative government that has served this province with distinction since 1977.

Some of the things of course that the Conservative government has done is to achieve a balanced economy because we all know that given the very severe handicaps that we had to deal with last year such as the drought, the forest fires, the unusual expenditures that faced us as a province, there is no way that we could have achieved even the measure of success that we did. We were very close to the Canadian average in terms of economic growth, just slightly under, but it could have been a disaster were it not for the kinds of measures that this government has taken to achieve a balanced economy.

Growth in the manufacturing sector which my colleague the Member for Springfield has indicated, very very large percentage increases year upon year under this Conservative administration. Growth in the mining sector, due in no small measure, Mr. Speaker, to the significant changes in the tax regime for the mining industry that have been brought forward by this Conservative administration, to get away from the punitive taxation scheme, the minerals acreage tax, the high royalty levels that dried up all the mineral exploration virtually in this province under that regime, Mr. Speaker. That has changed dramatically to the point that we have very very significant prospects for mining development in this province, for oil development in this province that we never had in our history, certainly not in the time of the members opposite when they formed that very sad and sorry government that we endured for eight years.

Mr. Speaker, in addition to the changes that had to be made in order to attract that kind of development and keep that kind of development in this province — the taxation changes — there was also the fact that we had to rebuild confidence in the private sector. No small task I might say, Mr. Speaker, because the private sector was obviously in very very sad and sorry shape at the end of their administration for a variety of reasons; because, Mr. Speaker, they were faced with the kinds of dilemma that those of us who were in business — and I know that there are many who were at the time — were faced with all of those question marks that floated through Manitoba's economy. What's going to happen to us next year? What are they going to do to us that they haven't already done to us this year? There were many things of course. Were we going to be taxed out of existence because they had to pay for all their wasteful mismanagement and spending that nobody in his right mind could justify? Were we going to have to be taxed out of existence? On the other hand, were they going to use our tax dollars to buy a business to set up in competition with us and then force us out of business that way, Mr. Speaker? Were they going to regulate us out of business?

Mr. Speaker, they set themselves up not only to regulate business in this province but to be the tax collector for business and to be the competitor for business; they had it every way; there was no way they could lose. The only people who could lose and did lose were the people of this province who ended up with the highest tax regime of any province in this entire country, Mr. Speaker, and that's what we had to change. That was no small task I might indicate, no small task to rebuild the confidence of the private sector and to encourage expansion in the private sector.

My colleague the Member for Springfield already went over the figures of what has happened, how in the last three years 30,000 new jobs have been created; all but 2,000 of those in the private sector compared to 10,000 new jobs in the last three years of their administration — more than half of them in the public sector — paid for out tax dollars, tax-supported all the way, Mr. Speaker. Those are no small insignificant changes that we had to bring forward, Mr. Speaker, all the while fighting inflation with no growth tax increases. You have not seen any growth tax increases in income tax or sales taxes in our three-and-a-half years of administration. In fact you have seen tax decreases.

You have seen us reduce the personal and corporate small business taxes; you have seen us get rid of a lot of the nuisance taxes; the inheritance taxes and state taxes. You've seen us increase the level of the corporate capital tax exemption; you've seen us get rid of many taxes, Mr. Speaker, and still maintain some sound fiscal management and encourage the expansion of private sector in this province.

How did we do it? Well, with one very important objective, to keep expenditures in line, that's the key. It's not how you can raise the money, Mr. Speaker, because in the inflationary growth-times of the Seventies raising the money was no object. The dollars kept flowing in through the growth taxes, through the sales tax, through the income taxes because we were in an expansionary economy. What they didn't learn in those years, Mr. Speaker, was how to control their expenditures. That's something that this government brought in very quickly and very effectively and I might indicate that by controlling the expenditures, by bringing some semblance of reason to the economy, we've been able to keep our economy attractive, making it competitive and indications of this are happening daily.

In fact, what did Alcan say when they came into the province to make their announcement just the other day? The President, Mr. Rich said, "Securing a long-term, stable and cost-effective source of hydro-electric power, the most essential component in a smelter operation will offset the disadvantages of locating a plant so far inland." He also noted, "The political stability here was a favourable factor for the company which has 67,000 employees, wide-ranging corporate activities world wide".

I've said it before and I'll say it again, Mr. Speaker, the fact that we put a freeze on Hydro rates; the fact that we are able to offer those attractive hydro-electric power rates to prospective investors, prospective people coming in to set up in our economy, to set up new industry, new business in

our economy is a very important move, a very important economic development move. We are no longer looking upon Hydro as a way to spend public tax dollars to create jobs so that we can artificially stimulate the economy. We are looking at Hydro as a prime means of economic development so that not only will we have the jobs that are created by the Hydro plant construction but we will create the development of manufacturing, of industry that will create long-term stable jobs in this province and that's what we need for the future of Manitoba.

Mr. Speaker, there are a number of comments that have been made but before that — and I know that my colleague the Minister of Energy and Mines doesn't need my support or comments on it — but I was prepared to make some comments on the great Hydro debate that's gone on over the last few days but of course the Minister has pretty well set all those things to rest in his speech this afternoon. He said the things that needed to be said, that hadn't been said in the past.

We've had talk about threats; we've had talk about people misleading people in this House. Well, it seems after the Minister's response that the only person who was misled in this House, Mr. Speaker, was the Member for St. Vital and he misled himself. That's the problem, Mr. Speaker. Without having full information, just having a shred of information, an unsigned document, some rumours, some innuendoes supplied by confreres who they had appointed to the Board of Hydro, he and his leader jumped forward with precipitous action; they acted too fast, Mr. Speaker, the Leader of the Opposition acted much too fast. —(Interjection)— No, as a matter of fact some of my colleagues suggest that he acted half-fast but I think he acted too fast. —(Interjection)— Yes, yes, for Hansard, that's h-a-l-f f-a-s-t. But he acted too fast, Mr. Speaker, in bringing forward his motions of privilege and going forward with his suggestion that all sorts of things or a great big plot was taking place.

Of course, I'm amazed at the attitude of members opposite who think that this is the issue of the day. This is the big important thing to all of Manitobans, not the Budget, not the state of our economy, not future economic development but whether or not somebody said something that might have been slightly different than somebody understood it to be and whether this word was a little bit misleading or misinforming or any of those things. That's the issue of the day, Mr. Speaker. Well, I want to tell you that if that's the issue of the day in their minds, they have a problem. —(Interjection)— They are bankrupt of ideas; they are bankrupt of issues and they are bankrupt of any political future in this province, I want to tell you, Mr. Speaker.

If they can create an issue out of something that is pure nonsense, I can tell you that it's only to cover up their embarrassment over what happened in the Tritschler Inquiry because the Minister of Energy, were he faced with the prospect of receiving a legal opinion that suggested that the inquiry was overstepping its terms of reference was going beyond the bounds of the terms of reference, were he faced with that situation during the inquiry all he would have done was to go into Cabinet and have his colleagues pass jointly an Order-in-Council to expand the terms of reference to allow for all of the

information that should properly have come out in the investigation to be put on the table, to clear the decks, to have the truth out and to expose the actions that happened by the government opposite when they misdirected, mismanaged the affairs of Hydro for all those years, to the detriment of all of the ratepayers in the Province of Manitoba.

Indeed, that's what happened, that's what the Tritschler Inquiry showed and they are embarrassed and upset and all they can do is bring forward charges of misleading, of misinformation and all of that nonsense. Mr. Speaker, it's the old story, if you don't like the message, don't shoot the messenger. Well, if you don't like this message, don't try and discredit the messenger who brings it and that's exactly what they are trying to do.

Mr. Speaker, the interesting thing is that the members opposite haven't learned from all of what went on. I had to chuckle. I don't know whether I was amused or amazed — and I should be neither because I should be used to it — but the Member for Transcona —(Interjection)— yes, the Rhodes scholar. When the announcement of Alcan was made on Monday, he sat there grinning and said, it's because we built Hydro that you can do it. What nonsense. Mr. Speaker, do they honestly believe that the Hydro development of the Nelson River was something that they initiated or that they planned?

I'd like to tell you that in two years as a summer student working for Manitoba Hydro back in the early 1960s, well before they ever dreamed of going into public office or being elected, I was working on preliminary surveys of the Nelson River. All of the plants that are intended to be built in the future, that were built during the Seventies on the Nelson River, were planned at that time. They were located. All of the information about them other than final details was already known, it was part of the grand plan for the development of the Nelson River — it goes back many many years before the NDP administration — but if you listen to them they suggest to you that it was all part of their idea; that theirs was the great initiative that started the hydro-electric development in Manitoba. Well, I tell you that this is absolute nonsense, Mr. Speaker, and the records will prove it, you can find that information out very readily.

The only thing that they did was to change the order of development; to change the order of development so that instead of building Hydro plants in an order that made sense economically, rationally, instead of ordering the development of the Churchill River Diversion in such a form that it took place at the right time, they took a political move, an outright crass political move to change the order of —(Interjection)— Yes, Cass, that's a better word than crass — to change the order of development to satisfy a political promise. A totally irrational political promise that they made when campaigning in 1969 when they had no expectation of forming the next government.

They were making promises that they knew or felt they would never have to keep and they promised that they would stop the Churchill River Diversion and instead they would find an alternative, and the alternative was Lake Winnipeg Regulation. They were determined to push Lake Winnipeg Regulation through at all costs, at any cost, Mr. Speaker, and wasted hundreds of millions of dollars of the

Manitoba taxpayers; and I tell you, Mr. Speaker, that has all been identified and catalogued, chapter and verse, in the Tritschler Inquiry and that's what is making them so upset. That's what's making them so upset, Mr. Speaker, the fact that their totally inappropriate action on behalf of Manitoba Hydro has been identified and has been laid out for all the public to know and understand for all time in future, that they have totally mismanaged, redirecting the intended development plan for Manitoba Hydro and wasting hundreds of millions of dollars, more so than that. And now, they want to make an issue about misleading with one remark or some other about a legal opinion; that's the kind of issue they are trying to make to squirm out from under that condemnation that the Tritschler Inquiry laid at their feet.

Well, Mr. Speaker, it won't work. It won't work because the objective of the Tritschler Inquiry all the way along was for full and open disclosure of all the information and if anybody had objected legally or otherwise to the information that was being brought out, rightly so by the Tritschler Inquiry, I can assure you that this government would have changed the terms of reference, would have broadened them to allow all of the facts to come out on the table as they rightly and properly should.

I tell you, Mr. Speaker, that there are very many interesting things that come out of this Budget Debate. For instance, now that we're at it, and it's a good thing that we are, finally, we only have a day left but thank Heavens we have some opportunity to speak on it. The other day the Member for Inkster said, "I'm now saying that there will be a minimum deficit of not less than 250 million, Mr. Speaker, and if you add up the figures you come to 479 million, a half billion dollar increase in provincial debt in less than four years of Conservative administration, Mr. Speaker. The amount which is required to make payment on that debt, interest and principal will be no less than 50 million a year for the next 20 years, a Saunders Aircraft every year without getting one penny in wages, without getting one penny and material supplied, without having the possibility of success, simply interest charges of \$50 million".

Well, I want to tell you, Mr. Speaker, they did some things that were far more astounding than that, if this is astounding. I want to tell you, Mr. Speaker, when they were in government, against the recommendation of all of their advisors, of all the financial advisors that you could talk to, except for their own Socialist friends, they went into foreign loans, foreign-based loans. Now, those foreign-based loans in repayment now, the foreign exchanges charges have already cost this province in the range of \$300 million. And at present rates are projected to cost us a half billion dollars; a half billion dollars wasted on foreign exchange charges because of their inappropriate mismanagement.

Now, what do you think, Mr. Speaker, are the interest charges on that half billion dollars down the drain, over to Europe, that aren't doing a thing for our economy, the same interest charges. Now, that's only one, that's only of the moves. I could talk about the interest charges on overbuilding of Manitoba Hydro. We've got plants there that are sitting virtually idle; we've got a 40 percent overcapacity that's probably costing us, again, \$20 million-\$50

million a year in interest in the investment, maybe more than that, Mr. Speaker, because all they wanted to do was stimulate the economy and keep those northern construction jobs going. Of course, we are all paying for it, our Hydro rates went up 150 percent in a matter of three years, we're all paying for it, Mr. Speaker. That's the kind of mismanagement and waste that they were doing with a snap of a finger all the time for eight years. It's a horror story that we've told over and over again and I wouldn't even bother to bring it up except they seem to have such short memories and from one speech to the next they forget what we've said. All of that information that's there for the record and that Manitobans knew when they turfed them out in 1977 and they'll remember whenever the next election is, whether it's later this fall, whether it's next spring, they'll remember, they don't have short memories.

Again, Mr. Speaker, we're being talked to in such diverse forms. The Member for Lac du Bonnet, he's not here, sorry I shouldn't have mentioned that. What I will say instead is I hope he reads my remarks in Hansard. The Member for Lac du Bonnet is confused. He says, firstly, that we ought to have been spending more in the public sector during the past few years; we shouldn't have been letting the severe recession in this country adversely affect our economy; we should have been spending more and then, on the other hand, he criticizes us because we have a large deficit. Well, how can you have it both ways, Mr. Speaker? He says we should be stimulating the economy, that we should be working against the recession but we shouldn't have a high deficit. Where's the magic that you can pull out that'll prevent you from having both those things? I don't understand it, but that's fiscal prestidigitation, you know, slight of hand, that's what it is and I don't know how they expect us to believe it but they did it for eight years and they expect that Manitobans are going to continue to allow them to do it in the future. Well, I suggest that there is not way that that will happen.

On the other hand, Mr. Speaker, the Member for Transcona — no, perhaps it wasn't the Member for Transcona — somebody criticized the Minister of Finance because he suggested that economists approved of having your Budgetary Measures Act as a countervailing force against the sort of overall effects of the national and international economy but there is a time in which you can apply this kind of approach. The difficulty is that members opposite didn't understand that; they were priming the public pump at a time when we were in expansionary, inflationary times. When all of the growth tax revenues were increasing throughout the 70s they kept pouring more money in, increasing the deficit, buying votes. Mr. Speaker, that was the most inappropriate time for them to be advocating public expenditures and yet they kept doing it. Now, when there is a very very strong case to be made by economists, by rational thinking economists, for continuing to spend money against the backdrop of the times that we have in the national and international economy, they are saying no. Well, I tell you I just don't understand of course and that's why I'm on this side and they are on that side and we never will agree with each other's economic theories but theirs don't make any sense whatsoever, Mr. Speaker; I suggest that to you right now.

Mr. Speaker, the criticism has been coming forward about the size of the deficit, \$219 million to be exact, and it is indeed if you say it quickly a very large amount and it's surely something that most Conservatives probably prefer not to see; no question about it. But on the other hand, I'd like to know what the Opposition wants us to cut out; I'd like to know which part of this \$219 million they'd like us to cut because let's take a look at it reasonably. Where are some of these large amounts of additional expenditures going this year? Okay let's begin, my colleague, the Minister of Health, has brought forward a very very excellent program of development in the field of personal care homes, the field of hospitals, increased expenditure on health care for the public of Manitoba; something I think we all support, something I think members opposite support. \$115 million-additional being spent this year over last year, \$115 million in health care. Would they suggest that we cut those out; would they suggest that we cut out the Mount Carmel Clinic expansion; would they suggest that cut out the expansion to some of the hospitals; is that where they want us to cut?

What about education? My colleague, the Minister of Education, has brought forward the most intelligent, rational, review of the education financing in this province in decades but sure it costs a lot of money; \$70 million alone is going to that Public Schools Finance Program that changes the distribution of education financing in a way that it should have been changed years ago for the entire province, 70 million is going into that. A total, Mr. Speaker, of \$101 million-additional being spent in the Department of Education this year. Would they suggest that we cut that out, because between those two, between health and education we could balance the Budget if we cut out those additional expenditures? Do they subscribe to that? Let's hear them tell us where they want the cuts to take place.

More so than that, Mr. Speaker, in Community Services and Corrections an additional \$37.7 million being spent this year over last year; would they suggest that we cut that out? I don't know, Mr. Speaker, but I'd like to hear from them where they are going to make those cuts because if they don't agree with those expenditures, if they don't agree with the size of that deficit then tell us where they are going to make the cuts? I'd like to know that.

Mr. Speaker . . .

MR. DEPUTY SPEAKER: The honourable member has five minutes.

MR. FILMON: Thank you, Mr. Speaker. Mr. Speaker, I always prefer to leave things on a positive note because I think that this province has so much to be proud of; has so much to look forward to, provided of course there is a Conservative government in the future and I'm confident that that will be. I want to tell you, Mr. Speaker, that we have had the signs of a rebirth in this province. We have seen them, even in the past number of years, even in the past number months; they come in small ways. This reconstitution of the confidence of the people of Manitoba has taken a while but it's here.

Mr. Speaker, I recall when I was campaigning in 1979, in the fall of 1979, there were serious concerns about the housing market in Manitoba. In fact, the

story was told, as I was campaigning and my prime opponent was a Liberal in River Heights, they talked about the sign war that was going on and the story in the paper came out that Filmon is running second in the sign wars in River Heights. Of course we ran to our books and we checked and we saw that we had at least double the number of sign locations that the Liberal candidate had — well, it might have been the Free Press, I'm not sure — but in any case the story went on to say that Filmon is running second in the sign war in River Heights, he has more than Prober but he has less than A. E. LePage-Melton.

Well, Mr. Speaker, that was a concern because obviously the real estate market was a little soft — and we all had that experience — but I tell you now that the real estate market is stronger than it's ever been; that people are coming from all over to buy houses in Manitoba. We have now the latest projections of 4,000 housing starts projected for Manitoba this year, that's two-and-a-half times the housing starts that we had last year and I tell you, Mr. Speaker, it's a sign of the times that confidence is returning to the economy of Manitoba. You can see it in other ways.

You can see it in \$38 million expansion by the Canada Wire and Cable Company; \$10 million new office tower complex for the Bank of Montreal at Portage and Main recently announced — and I know that members opposite aren't all that happy to see those things — but CSB Foods, their Kanola Crushing Plant out near Harrowby, that's \$40 million, that's 86 jobs; those are very important to Manitobans, Mr. Speaker. There's the gold mines at Bissett, that's 197 new jobs. That's nothing to sneeze at, Mr. Speaker, those are very important developments.

Mr. Speaker, Alcan, \$.5 billion to be spent by Alcan in Manitoba in the near future on an aluminum smelter, creating 600 to 700 full-time permanent jobs; a \$.5 billion investment about to take place in this province to develop our first potash mine, all of these things; Imperial Oil spending \$15 million on an ammonia distribution centre near Portage la Prairie — all of these things are very important — they're positive things that are happening. They're happening because Manitobans now have confidence in our economy and have confidence in the Conservative government and in the Minister of Finance in the Budget he brought down. Thank you, Mr. Speaker.

MR. SPEAKER: The Honourable Member on a point of order.

MR. SIDNEY GREEN: I wish to ask the Honourable Minister a question.

MR. SPEAKER: Does the Honourable Member for Inkster have permission to ask the question?

MR. GREEN: The Honourable Minister indicated that in 1969, when I presume he was about 14 years old, that the New Democrats' party promised that there would be a stop to the Churchill River Diversion. I wonder if he could locate for me anybody speaking for the New Democratic Party who made that promise. —(Interjection)— That's what he said.

MR. SPEAKER: The Honourable Minister of Consumer and Corporate Affairs.

MR. FILMOM: Mr. Speaker, I'll take that question as notice.

MR. SPEAKER: The Honourable Member for St. Vital.

MR. D. JAMES WALDING: Mr. Speaker, I have been sitting I hope very patiently waiting to get the opportunity to enter the debate.

MR. SPEAKER: Order please. Order please. I recognize the Honourable Member for St. Vital but the hour is 10:00 o'clock. Do I have a motion for adjournment?

The hour being 10:00 o'clock the House is accordingly adjourned and stands adjourned till 10:00 o'clock tomorrow morning. (Friday).