

LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, 12 May, 1982

Time — 2:00 p.m.

MR. CLERK, Jack Reeves: It is my duty to again inform the House that Mr. Speaker is unavoidably absent and would ask the Deputy Speaker to take the Chair of the House in accordance with the Statutes.

OPENING PRAYER by Mr. Deputy Speaker.

MR. DEPUTY SPEAKER, Jerry T. Storie (Flin Flon): Presenting Petitions . . . Reading and Receiving Petitions . . . Presenting Reports by Standing and Special Committees . . .

MINISTERIAL STATEMENTS AND TABLING OF REPORTS

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

HON. EUGENE KOSTYRA (Seven Oaks): Mr. Speaker, members are aware that today is Manitoba Day. It was on this day 112 years that the Manitoba Act which created the Province of Manitoba, was given Royal Assent. It was also on this day in 1966 that our Official Flag was dedicated and unfurled for the first time. So in recognition of our birthday, I hope all members will enjoy and wear the tartan flower presented to them.

As members know, Manitoba Day is an opportunity when we celebrate our cultural diversity. In doing so we recognize the strength and vitality that our cultural heritage offer us. I would like to review for members today's activities.

At noon a juried exhibit of Manitoba photographers was opened at the Archives Building foyer gallery. At 3 p.m. today we will be releasing an experimental publication, The Manitoba Art Monographs. The monographs include six Manitoba artists, Kelly Clark, E.J. Howorth, Bill Lobchuk, Don Proch, Tony Tascana and Esther Warkov. Professor Ken Hughes of the University of Manitoba has written the book and it will be distributed to public libraries throughout the province. Through its publication, we will be increasing awareness of Manitoba art and artists. In doing so we are recognizing the contribution of these artists in remaining in Manitoba to pursue their profession. We have an abundance of talent in Manitoba and the Book of Monographs is a fitting recognition of the efforts of these artists.

At 5:30 this evening, in the Legislature Rotunda, a public reception will be held for the winners of the Search-for-a-New Manitoba Novelist Competition. For the information of members the winner this year is Margaret Clark Buss of Winnipeg for her novel, Reflection. The finalists, also from Winnipeg, are David M. Gilbert for his work, Keepers of the Changing; and Sandra Birdsell for her work, Mouse in a Glass Jar. This year some 71 manuscripts were submitted. The competition helps to identify, develop and promote excellent new Manitoba representatives in the literary world. We are very proud of the talents of Manitoba writers and believe that the competition will

contribute to a greater awareness of their talents and open new opportunities for them.

I am also pleased to inform members that the Winnipeg Symphony Orchestra will be performing at today's reception. Their participation in Manitoba Day is fitting as the symphony is one of Manitoba's major cultural organizations. Their participation is part of this government's policy of increasing public access and awareness of the Legislative Building.

Our Legislative Building is one of the finest on the continent. We want to enhance citizen appreciation of the building and increase public awareness of the workings of government. In encouraging its use by cultural organizations, we can also increase public visits to the Legislative Building. My colleague, the Minister of Government Services and I look forward to the development of this policy.

As part of this effort, in July a display, Selkirk Avenue Revisited, produced by the Western Canada Jewish Historical Society will be located in the Pool of the Black Star.

I noted earlier the diversity of cultural heritage that Manitoba enjoys. In particular, in recent years Manitoba's multicultural heritage has blossomed. We have seen the growth of Folklorama as a highly successful multicultural exposition, the birth of the Dauphin Ukrainian National Festival and other regional ethnic festivals. This has created a growing awareness of our multicultural heritage.

Manitoba is blessed with many ethnic communities, all of which are contributing to our cultural mosaic. We believe that Manitoba is blessed with many ethnic communities all of which are contributing to our cultural mosaic.

We believe that Manitoba's ethno-cultural diversity is an important resource which must express itself. During the recent election campaign we committed ourselves to establishing a multicultural council which would foster and encourage new opportunities for our multicultural groups. Now, as government, we are taking steps to realize this commitment. It is, therefore, fitting that today we announce the establishment of a Multicultural Liaison Committee.

The Liaison Committee will guide the government in its efforts to form a multicultural council. Members of the Committee are Neil McDonald, Angus Bramadat, Dr. Aruna Mathur, Ted Leczynski, Abraham Arnold, all of Winnipeg and Dr. May Yoh of Brandon.

The Committee will be providing recommendations on the formula to be used for representation on the Multicultural Council, which will have representation of all ethno-cultural groups in Manitoba. The Committee will liaise with the ethno-cultural groups to assist them where needed in co-ordinating the task of choosing representatives to the Council. It will also provide recommendations relating to the Council's organization, structure, and by-laws.

Our commitment to establish a multicultural council is based on three principles:

1. That the contribution by all ethnic groups to the cultural enrichment of our Province must be recognized and that these contributions must be safeguarded for future generations.

2. That all our citizens are equal contributors and are equally entitled to share and participate in all aspects of Manitoba society.

3. That Manitoba is a multicultural province and that the promotion of cross-cultural activities will increase both knowledge and understanding between cultural groups.

The Liaison Committee will begin its work immediately and the Council, once established, will be asked to develop a multicultural policy for Manitoba which will support and encourage the expression of our ethno-cultural diversity. My colleagues and I look forward with great excitement to the work of the Council and to meeting the challenges of developing a multicultural policy for Manitobans.

Finally, Mr. Speaker, I ask all Members to join with me in wishing all Manitobans a Happy Birthday on this Manitoba Day, 1982, and to come to the reception following adjournment this afternoon.

Thank you.

MR. DEPUTY SPEAKER: The Honourable Member for Fort Garry.

MR. L. R. (Bud) Sherman (Fort Garry): Mr. Speaker, on behalf of Her Majesty's Loyal Opposition, I wish to endorse the comments and observations offered by the Honourable Minister of Consumer and Corporate Affairs with respect to this historic day and its significance in the life of our dear province.

I know I speak for all members of the House, and certainly for all members of the Opposition when I express my pride in being a citizen of a province which pays such articulate and such vivid loyalty and recognition to the principle of cultural and ethnic diversity.

I think when we look about us at other jurisdictions in our land and across our continent we can take extreme satisfaction and pride in the primary resource, the primary value to which Manitobans can point and that is the mosaic of our peoples. I know that my colleagues join with me and with the Minister and his colleagues in wishing Manitoba a happy birthday and in wishing all our fellow citizens in Manitoba a happy birthday.

We endorse and subscribe to the principles espoused in the statement just made by the Minister with respect to the establishment of the Multicultural Council and indeed, Sir, we are pleased at the announcement of the establishment of a Multicultural Liaison Committee to guide, assist and counsel the government in establishing the body that will work so closely with the multicultural objectives of all of us.

So, Mr. Speaker, I join with all in this Chamber today in enjoying my own birthday as a Manitoban and in assuring all Canadians and North Americans that what we have begun here is an enormously worthwhile journey and one which we intend to continue to establish a social fabric here among the various groups making up our society, that will indeed be the envy of the world.

MR. DEPUTY SPEAKER: The Honourable Attorney-General.

HON. ROLAND PÉNNER (Fort Rouge): Mr. Speaker,

I beg leave to table, on behalf of the Speaker, the First Annual Report of the Elections Commission.

MR. DEPUTY SPEAKER: Notices of Motion . . .
Introduction of Bills . . .

INTRODUCTION OF GUESTS

MR. DEPUTY SPEAKER: Before we begin Oral Questions, I direct the attention of members to the gallery where we have several groups and guests.

We have two guests from the City of New York, a Mrs. Martha Carter and Mrs. Stella Ragal.

We have as well, a group of 15 students of Grade 5 standing from the Garden Grove School under the direction of Mr. Bob Angst. These students are represented by the Honourable Member for Inkster.

As well, we have 30 students of Grade 11 standing from the Princess Elizabeth High School from CFB Camp Shilo, Manitoba, under the direction of Mr. R. Balkwill. These students are represented by the Honourable Member for Gladstone.

As well, we have 58 students from the Quebec School Exchange being hosted by Sisler High School. These students are of Grade 9 standing and are under the direction of Mr. M. Gardiner. These students are represented by the Honourable Member for Inkster.

On behalf of all the Members of the Legislative Assembly we welcome you here today.

ORAL QUESTIONS

MR. DEPUTY SPEAKER: The Honourable Member for Swan River.

MR. D.M. (Doug) GOURLAY (Swan River): Mr. Speaker, I have a question to the Minister of Municipal Affairs. Can the Minister advise the House if he has received Cabinet approval to proceed with Main Street Manitoba Program?

MR. DEPUTY SPEAKER: The Honourable Minister of Municipal Affairs.

HON. A.R. (Pete) ADAM (Ste. Rose): Mr. Speaker, I hope to make an announcement tomorrow in the House on how the program will be proceeded with.

MR. DEPUTY SPEAKER: The Honourable Member for Kirkfield Park.

MRS. GERRIE HAMMOND (Kirkfield Park): Mr. Speaker, I have a question for the Minister of Finance. Does the payroll tax for education and health care apply to school divisions?

MR. DEPUTY SPEAKER: The Honourable Minister of Finance.

HON. VIC SCHROEDER (Rossmere): Mr. Speaker, in the statement I gave last night I indicated that the tax does not apply to municipalities or school divisions until January 1, 1983 and between now and then suitable arrangements will be made.

MRS. HAMMOND: A question to the same Minister,

does the payroll tax for education and health care apply to universities?

MR. SCHROEDER: Mr. Speaker, the levy for health and post-secondary education will apply to all employers in the province excepting for school divisions and municipalities and for them it will start on January 1, 1983. For all other employers the tax begins on July 1, 1982.

MR. SHERMAN: Mr. Speaker, in view of the Minister's statement I would like to ask him whether the additional budgetary costs relative to health care facilities, hospitals and nursing homes, emanating from the payroll tax for health and education which has been discussed, have been built into the budgets for those facilities for the 1982-83 fiscal year, the budgets which we have just reviewed in the Estimates of the Department of Health.

MR. SCHROEDER: Yes, Mr. Speaker, the health care institutions as all other employers in the province, are expected to absorb this increase and there will be an increase in their costs as there would have been with a sales tax increase as there is when there is an increase in the cost of items they use in their particular field, i.e., if hydro-electric costs go up as they have sometimes in the past, employers in the health care field are expected to absorb those costs. If other costs go up they're expected to absorb them. This is a cost that we expect the employers in the province to absorb without further increases from the province.

MR. SHERMAN: So, Mr. Speaker, what the Minister is saying is that this applies throughout the field of community services, too. It applies to the Children's Home of Winnipeg; it applies to St. Amant Centre; it applies to the Age and Opportunity Bureau; it applies to all those agencies operating in the social service field. Is that correct?

MR. SCHROEDER: Mr. Speaker, it applies to all of those institutions. It also applies to banks; it applies to law offices; it applies to doctors' offices; it applies to accountants, etc. It applies to insurance companies and of course that was one of the reasons why we chose this particular tax. For the large majority of Manitobans this is a tax which is in comparison to a sales tax increase, this is a beneficial move.

It's a tax which is pre-taxed as opposed to a sales tax which is post-tax for the bulk of employers in the province. It can be deducted from the income tax or from the income on which employers pay tax in the province, therefore, we believe it is the tax which is most beneficial to the majority of Manitobans.

MR. DEPUTY SPEAKER: The Honourable Member for Sturgeon Creek.

MR. FRANK J. JOHNSTON (Sturgeon Creek): Mr. Speaker, my question is to the Minister of Finance. When he mentions that it can be deducted from the Federal Government Tax, will the government rebate the 1.5 payroll tax to companies that do not show any profit or don't make any profit and hence won't be paying any federal tax?

MR. SCHROEDER: Mr. Speaker, we don't rebate the sales tax and I hope the member wouldn't suggest that we do so for those companies that are not earning a profit. If a company is in financial straits where it would qualify for interest-rate relief under our other program, there will be a rebate to those particular companies. However, for other companies there will not be a rebate.

As the member knows a corporation which doesn't pay income tax in one given year may very well be paying income tax in the next year or the year after and they can use these items as a deduction from their taxable income in the particular year in which they do pay tax. In fact, I understand in one of the provinces where a study was done on this, that something like half of the corporations are taxable for income tax purposes in any given year, but over the long haul they do wind up being taxable and when they are taxable they are able to deduct this levy from their income and if they are a large corporation it winds up being a total of 53 percent of the levy being deducted from their tax.

MR. DEPUTY SPEAKER: The Honourable Member for Arthur.

MR. JAMES E. DOWNEY (Arthur): Mr. Speaker, to the Minister of Finance. Do shareholders of family farm corporations who draw salaries from those family farm corporations have to pay the payroll tax that he imposed last night?

MR. SCHROEDER: Mr. Speaker, I suppose the member wasn't listening, the tax applies to all employers in the province on their compensation roll. If people in farm, or other corporations, small business corporations in the city are, and some of them are held by family members as well, if you are an employee and there are numbers that an employer pays to the employee the employer is required to pay a levy of 1.5 percent on that package.

MR. SHERMAN: Mr. Speaker, I would ask the Minister of Finance whether this payroll tax applies to churches, synagogues and other philanthropic organizations of that kind?

MR. SCHROEDER: Mr. Speaker, it applies just like the sales tax would apply. It would apply —(Interjection)— no, it's not a sales tax. The Member is asking this question and he assumes somehow that if we have a different tax that somehow there will be a different effect, and I'm saying that for those organizations they would also be required to pay a different tax and I would refer the members to the explanation which I have given them. They obviously haven't read it so maybe I should do it for them.

A neighbourhood hardware store, for instance, with an annual income on sales of \$500,000 would pay \$10,000 in sales taxes, but on this levy, \$1,140.00. A building contractor with the same amount of sales would pay \$6,100 in sales tax, and \$1,800 on this levy. A bank would pay nothing on sales tax and will pay \$825. A law office would pay nothing on sales tax, it would pay \$2,895 with this levy. An advertising company would pay nothing with the sales tax and will pay

\$1,965 with this levy. So, what we are doing is getting into a tax that is more broadly based and that is much more fair to Manitobans than a sales tax would have been.

MR. SHERMAN: Mr. Speaker, I'm not talking about the neighbourhood hardware store or the neighbourhood bank, I'm talking about the neighbourhood church or the neighbourhood synagogue or some similar neighbourhood philanthropic institution or organization which does not pay income tax. How does the Minister propose to handle the question of a rebate in circumstances such as that?

MR. SCHROEDER: Mr. Speaker, I explained last evening that we have a total cutback in funds for Health and Post-Secondary Education of \$719 million in this province over a period of five years. All of us are going to have to work together to raise that amount of money. Employees in the province require health care; we've devised a system of having employers and the Federal Government help us to raise this money. All employers in the province benefit from the health care system and post secondary education system we have put in place in this province and they will be required to contribute a portion through this particular mechanism. That includes all employers in this province - not just some. We make no apologies for that because all employers in this province benefit from our health care system; all employers in this province benefit from our education system. We must get the money back. If we can get in some other fashion from the Federal Government, then we will review this tax, we will review all of our revenue measures. But as long as we don't have that money available we are not prepared to cut back in the quality of the services that we have in those fields and therefore we have decided that this tax must go ahead because it is the fairest way in which we can levy a tax for Post-Secondary Education and Health.

MR. SHERMAN: Mr. Speaker, no one is suggesting that cutbacks be entertained in that field, but the question remains whether the Minister is talking about an equitable approach, the fairest approach as he describes it to use his words, or a two-tier approach where there are first-class citizens and second-class citizens and where he is placing the churches the synagogues and similar philanthropic organizations in the second tier as second-class citizens who will be treated inequitably under this formula and who will carry an unfair share of the load.

MR. SCHROEDER: Mr. Speaker, I really do believe that the average church would pay as much in sales tax or more, than they would pay in this particular levy. I don't have the numbers in front of me but certainly I will have my department research that and get back to the Member for Fort Garry. When the Conservative Government back in 1967, introduced the sales tax they didn't exempt the churches and we didn't exempt them from that tax because every time you cut a group off from paying a tax you decrease the base and you have to increase the base for the rest of us. The vast majority of Manitobans, in any event, are members of some organization, church or other phi-

lanthropic organization and therefore we would basically all hurt equally if there is a bit of pinch in that particular levy.

MR. DEPUTY SPEAKER: The Honourable Member for Swan River.

MR. GOURLAY: Mr. Speaker, to the Minister of Finance. I wonder what specific provisions the Minister will make to offset additional costs to municipalities including the City of Winnipeg as a result of this proposed payroll deduction?

MR. SCHROEDER: Mr. Speaker, I made it clear last evening that we would be offsetting the costs to the municipalities and the school divisions but I do not have a mechanism in place at this time. There will be by January 1, 1983, when the levy takes effect on school divisions and municipalities and I can assure the member that we will be making payment in some fashion to the school divisions and municipalities so that they will not be bearing a part of this cost.

MR. DEPUTY SPEAKER: The Honourable Member for St. Norbert.

MR. G.W.J. (Gerry) MERCIER (St. Norbert): Mr. Speaker, my question is to the Attorney-General. In view of the fact that the payroll tax obviously applies to the Manitoba Liquor Control Commission, and in view of the fact that the Minister of Finance, in his budget, is asking the Liquor Control Commission in this fiscal year to raise over \$30 million more than they raised last year over what was the estimated revenue from the Liquor Control Commission - I know the Minister of Finance refers to a \$20-million figure and perhaps the most recent price increases account for the \$10-million difference - but could the Attorney-General indicate as a result of those steps, what the average price increase will be for beer, wine and spirits as of the end of this month as directed by the Minister of Finance?

MR. DEPUTY SPEAKER: The Honourable Minister of Finance.

MR. SCHROEDER: Mr. Speaker, the announcement with respect to that increase will be made. I should say, the previous increases have nothing to do with the additional \$20 million announced last evening. We are asking the Liquor Control Commission to increase its prices from where they are right now in order that we have an additional \$20 million of revenue to the province.

While I'm up, I'm just wondering why members aren't asking questions to clarify the \$200,000 tax exemption for capital gains on farms; why they're not asking questions about the gasoline tax freeze; the corporation tax reduction for small business. Mr. Speaker, this is Manitoba Day. One would think that we would be a little bit . . .

MR. DEPUTY SPEAKER: Order please. I believe it is the prerogative of the Opposition to ask the questions. The Honourable Member for St. Norbert.

MR. MERCIER: Mr. Speaker, I asked the Honourable Attorney-General that question because I thought, as Minister responsible for the Liquor Control Commission, he would have some sort of an answer. Is the Minister of Finance indicating he had no idea of how much the average increase would be for beer, wine and spirits when he directed the Liquor Control Commission to raise another \$20 million?

MR. SCHROEDER: Mr. Speaker, I understand that one way, just for example, and I'm not saying that this would be the final price increase because there could be differences between different types of liquor and beer and wine, etc., but I understand that an 8-percent price increase will provide us with the \$20 million.

MR. DEPUTY SPEAKER: The Honourable Member for Pembina.

MR. DONALD ORCHARD (Pembina): Thank you, Mr. Speaker. My question is for the Minister of Finance. Will the increased motive fuel tax apply to propane used for road use?

MR. SCHROEDER: I'll take that question as notice. I do believe that it does but I'm not certain.

MR. DEPUTY SPEAKER: The Honourable Member for Turtle Mountain.

MR. A. BRIAN RANSOM (Turtle Mountain): Mr. Speaker, my question is to the Minister of Finance. Can the Minister advise the House what proportion of the over \$7 billion of payroll, to which the payroll tax will apply, is tax supported?

MR. SCHROEDER: Mr. Speaker, about \$8 million of the tax we will be receiving, the levy, will come from institutions which employ federal staff and, of course, the member can do the calculation with respect to provincial staff and municipal staff and hospital staff as easily as I can.

MR. RANSOM: Mr. Speaker, my question was what percentage of the over \$7 billion of payroll within the province, to which this payroll tax will apply, is tax supported? What proportion of that money is paid through institutions such as hospitals, personal care homes and municipal governments, etc. What proportion is already tax supported?

MR. SCHROEDER: I don't have an exact figure here but I'll take that as notice but I should tell the member that all of those organizations would also pay sales tax and all of the employees would pay income tax and sales tax. Every single one of them would pay sales tax and so I would hope that they would keep that in account. As I indicated last night, somewhere in the range of 30 percent of this tax will come out of federal coffers as opposed to considerably less than that on the sales tax. One would think that in itself would be something. Well, Mr. Speaker, one other aspect of this particular levy, and I'm sure the members have noticed it, is that there are, in fact, other provinces that have sales and health taxes and as a percentage of compensation package. In Ontario, for

instance, for an employee earning about \$15,000, it's at 3.68 percent; not the 1.5 we're talking about here, 3.68 percent, assuming the Ontario Government is correct when they say that more than 80 percent of health premiums are paid by employers. The only problem with that levy is that it's much higher than the levy over here, and secondly, it is regressive in that, by the time you reach \$25,000, it's at 2.21 percent and that's a considerable decrease. Ours is steady throughout.

I would also point out that in Alberta, at \$15,000, it's 1.52 percent to all employers, tax supported and private, just as in Ontario. In British Columbia, at \$15,000, which is a little more than our industrial composite wage in Manitoba, it's at 2.56 percent at \$15,000; in B.C., for instance, at \$25,000, it's at 1.54 percent. It's regressive in those provinces. In this province we have it at one level for all employees and it is fairer on that basis.

MR. RANSOM: Mr. Speaker, the Minister has made reference to some \$8 million that would be derived from a direct taxation upon federal payroll. Has the Minister determined that, in fact, the Provincial Government has the right to place that tax upon the federal payroll?

MR. SCHROEDER: Mr. Speaker, we have the same right to levy it as the Province of Quebec has to levy it and it is certainly doing it right now. I trust that the member doesn't suggest that we don't have the same rights in this country that the Province of Quebec has. As well, I am given to understand that in the Province of Ontario the Federal Government pays the Medicare premiums for federal employees and therefore pays for a \$15,000 employee, 3.68 percent of compensation in this type of a tax; 3.68 percent as compared to 1.5 percent in Manitoba, an employer tax. That's what it is in Ontario and that's what it will be here. I just don't understand why these people are so critical of the proposition that we should also get some revenue from the Federal Government. They seem to be saying that it's okay for Quebec, Ontario, Alberta and British Columbia to get some tax revenue from the Federal Government but not for Manitoba. I don't know why. I've decided that I think it is only fair and equitable that we join in with those provinces and get some money too.

MR. DEPUTY SPEAKER: The Honourable Member for Turtle Mountain.

MR. RANSOM: Mr. Speaker, in keeping with the spirit of co-operative federalism espoused by the First Minister and his government, was this tax measure discussed with the Federal Government before it was applied?

MR. SCHROEDER: Mr. Speaker, I should provide the honourable member with a copy of Mr. MacEachen's statement about Budget secrecy that he just released a couple of weeks ago, indicating the serious difficulty that Finance Ministers do have because of the problem of Budget secrecy. I must say that we did quite well in terms of keeping our taxation moves secret in this province this time. I was quite impressed

with the way my department worked. We did not communicate with the Federal Government because it would clearly have been inappropriate to do so.

MR. RANSOM: Mr. Speaker, can the Minister of Finance assure the House that in the next Federal Budget that this tax will not be disallowed by the Federal Government?

MR. SCHROEDER: That's right. With that particular government in Ottawa it's very difficult to make that kind of assurance. I should say that if they do, we will have one year of getting this particular revenue and then we will be in the same position as other provinces such as Quebec and Ontario and Alberta and British Columbia. At least we will be in that position for one year. I really don't believe that the Federal Government would, as a result of one million Manitobans getting a little bit of revenue from the Federal Government, change that tax law when they didn't do it while millions of Quebecers, millions of Ontarians and Albertans and British Columbians were getting the benefits out of the federal treasury. If they weren't doing it when those people were doing it I don't see any reason to expect that Manitoba joining the parade is going to make the Federal Government upset to the extent that they will change this particular law.

MR. DEPUTY SPEAKER: The Honourable Member for Thompson.

MR. STEVE ASHTON (Thompson): Thank you, Mr. Deputy Speaker. I have a question for the Attorney-General in regards to report in today's Free Press in regards to the immunity of Ministers to testify. That report indicated there is provincial support for such immunity. I was wondering if the Attorney-General could indicate what this province's stand is in regards to this question?

MR. PENNER: Mr. Speaker, in fact the press reports are somewhat incomplete. The position taken by counsel for the Province of Manitoba as instructed by myself was just the opposite. That is, we made it quite clear and we sided with Ontario before the Supreme Court of Canada on this, that our position was that simply because someone was or had been a Minister of the Crown did not immunize them from answering for any illegal acts; did not give a blanket privilege that would prohibit such persons from being called as witnesses. In fact, our view was quite the opposite. Any person, whether that person is a Minister of the Crown, now or has been, has no such blanket privilege but, may, of course, be called as a witness; invoke what is called public interest or Crown privilege with respect to certain types of Cabinet documents. That was our position.

We also took the position, Sir, that - and here we sided with most of the provinces - that it is not within the competence of the Federal Government through a regulatory agency to attempt to control the judicial process within a province.

MR. DEPUTY SPEAKER: There being no further questions, move to Orders of the Day.

ORDERS OF THE DAY

COMMITTEE CHANGES

MR. DEPUTY SPEAKER: The Honourable Government House Leader.

MR. PENNER: Mr. Speaker, just before we get to the debate on the Budget, if I can make an announcement with respect first of all to a committee change for Public Utilities for tomorrow. The Honourable Member for Thompson will replace the Honourable Minister of Agriculture.

I would also, for the Opposition House Leader, advise with respect to questions asked about Orders for Return and written questions that I will be giving him tomorrow a complete written breakdown of the answers that are now in preparation and the answers which have been tabled.

BUDGET DEBATE

MR. DEPUTY SPEAKER: On the proposed motion of the Honourable Minister of Finance, that this House approve in general the budgetary policy of the government. Adjourned in the name of the Honourable Leader of the Opposition.

The Honourable Leader of the Opposition.

HON. STERLING LYON (Charleswood): Mr. Speaker, I'm happy to participate in the Budget debate that was initiated some 15 hours or so ago by the Minister of Finance and happy to participate in it at this time, because is a document that, while it requires a considerable amount of further study as to its detail, the principles are relatively clear to any observer for the first time.

I first of all, Sir, would want to congratulate the Minister and his departmental officials on the preparation of the Budget, on his delivery of it last night in what I think was reasonably record time, something like three quarters of an hour. I don't know that I'll be able to emulate him in that respect. While my congratulations must end at that point because the content fell far behind the preparation and the delivery, I do issue those words of felicitation to him and to his staff for putting together what must have been an extremely difficult document for people of their particular bent. When one considers, Mr. Speaker, what lies ahead of this government with respect to Budgets that may yet have to be brought down by them, the Minister may well look back upon this experience of last evening as perhaps the last sunny occasion that he will have in this House and I daresay that by the time another eight days have elapsed, he will have probably forgotten any of the sun that was shining on him last evening.

Mr. Speaker, Budget time for the benefit of some of the louder voices on the backbench who are probably destined to stay there during their one term in the House, Budget time for their edification is a time to recollect promises of government, particularly a new government that is now some five-and-a-half to six months into its mandate. It's a time to recollect and to divine the direction of the government and the strategy that that government is following with respect to

fiscal affairs in the province, in its temporary trusteeship on behalf of the people of Manitoba and the performance of that government as demonstrated thus far in its handling of the administration and its programs.

It will be our submission at the close of my remarks, Mr. Speaker, that the government of course fails to meet, the standards that are required by any of the commonsense tests that would be applied to what a reasonable government should be doing in these particular times, which times by the government's own description are described as being, perhaps the toughest economic times that the province has faced since the 1930s.

But more particularly, Mr. Speaker, we can only regret having failed the tests of administration, having failed the tests of an absence of strategy, having failed the test of a clear direction that it should be giving to all people in Manitoba, more particularly we can only regret the sheer, blatant, cynicism that is apparent in this document; the shaded truths that are applied not only in the document itself, but in the tables and in the supporting material; the use of fanciful figures to try to bolster otherwise fanciful propositions; the manipulation of public opinion before the Budget engaged in by the First Minister, engaged in by other spokesmen on behalf of the government to try to convince the people of Manitoba that tough decisions were going to be made when, in fact, they'd made the easy decision which was to spend more money, that was the easy decision, they didn't make any tough decision at all.

Mr. Speaker, the betrayal of the promises of this Party of some six months ago that it made solemnly to the people of Manitoba and its callous arrogance now as it cast to one side and dismisses as unworthy of their concern or care the expectations that were fostered among believing men and women in Manitoba, that they really could do something to turn around the economy and that, Mr. Speaker, I think is the real indictment against this Budget, not so much the contents of it which are bad enough, but the callousness, the cynicism, the half-truths that were used in its portrayal to the people of Manitoba.

So, Mr. Speaker, not only is it a bad Budget but it suggests a want of candor and forthrightness on behalf of this government. It suggests, as I've said before, that there resides opposite us a government with a kind of quick-trick mentality. You know, just feed them a little pap and maybe they'll forget some of the other bad things we're doing. It's that kind of mentality that we have seen too often before, the slight of hand.

The First Minister, of course, is a great one to go to Brandon and to other places when he is making his chummy-up speeches to the Chambers of Commerce and to say, we are not magicians, we can't change anything. Then he gets the magician with the patched pants and the tattered coat, the Minister of Finance, to stand up and try to pull a socialist rabbit out of his disappearing hat. Well, Mr. Speaker, we're well aware of the fact that my honourable friends across the way are not magicians. They're not even good politicians and certainly, they're bad administrators.

So, Mr. Speaker, this quick-trick mentality that we have seen manifested before by other actions of this

government is something that we deplore and something that the people of Manitoba deplore. I say to the First Minister as sincerely as I can that he and his colleagues would do well to try to abandon this posture of trying to kid the troops about serious matters such as the future financing of major projects in Manitoba because surely the actions that this government has taken with respect to trying to put a skein of acceptability over its programs and policies will surely come back to haunt this government in months and years ahead.

Mr. Speaker, I say it was a bad Budget because first of all spending is increased they say — using the fanciful figure — of 16.5 percent and I think that figure is based upon the Print Estimate of this year over what they presume to be the Actual of last year. I think, Mr. Speaker, and I could be proven to be wrong, but I think that more likely I'll be proven to be right, that the Budget spending this year will be increased by about 20 percent. I don't know of any other jurisdiction in Canada that is embarking on such a perverse course at a time when, by their own admission, we are in some of the toughest economic times that we have faced and where most other jurisdictions in the western world are trying, Mr. Speaker, to get the best bang out of the taxpayers' dollar that they can rather than increasing spending at a 20 percent, even though they say a 16.5 percent rate.

Other jurisdictions, Mr. Speaker, are trying to stabilize their spending. This jurisdiction, this government, this socialist government in Manitoba is spending, spending, spending and holding that forward as the cure-all in this province for some of the economic problems which are serious, which afflict us. At a time, Mr. Speaker, when most other jurisdictions in the world are trying to lower taxes, this jurisdiction in Manitoba under the NDP is increasing taxes. Others are lowering or trying to maintain the present tax level.

So, Mr. Speaker, I ask the government, where do they think they're taking us? You remember that chap, Mr. Speaker, you probably have read of him, Wrong Way Corrigan. He's the chap who started off for a destination and from one destination in the United States to go to another and ended up in Ireland. Well, I think we're being governed by a bunch of Wrong Way Corrigans across the way because they start out with their election promise to say, we're going to turn around the economy. We're not going to raise any taxes and we're not going to do any of these terrible things that are in the Budget and then they end up, Mr. Speaker, doing almost the opposite of what they promised the people of Manitoba they would do. Well, that doesn't wash, Mr. Speaker. They're increasing taxes when they should be trying to stabilize them and the only way you can stabilize them is through controls on spending.

Mr. Speaker, the third thing they're doing that is most alarming is that the deficit is up almost to unmanageable levels. Mr. Speaker, we heard the First Minister in a speech in this House I believe it was, say that the deficit that he was inheriting, which he at that time was predicting was somewhere in around \$260 million, was at the saturation point or the point beyond which reasonable governments shouldn't go — I forget his exact words — then his Minister of

Finance in this compendium of irresponsibility, which they are pleased to call a Budget, brings in a Budget calling for a deficit of \$334.5 million with borrowing of \$900 million, only a \$150 million of which is going to come from the Canada Pension Fund and from other such sources, and \$750 million to come from the private sector.

Mr. Speaker, the Budget deficit, just as surely as I stand here today and as he stood at his place last night, that Budget deficit was perhaps only accurate for the 30 seconds in which he spoke it because — I stand subject to be corrected — but I don't see in the Estimates, Mr. Speaker, any provision for the MGEA settlement, I don't see anything in there. My honourable friend knows we're not giving away any secrets, we're looking at about \$20 million there, at least, just in round figures, I don't see anything in there to cover that. If my honourable friend says it's there I'll accept his word for it, I'll take his instruction. So if it's not there, Mr. Speaker, you add \$20 million right away to \$334.5 million. I don't see anything in the Budget, Mr. Speaker, about the negotiated settlement that the Member for St. Boniface is trying to work out or the Health Services Commission is trying to work out with the medical doctors in Manitoba. I don't see any figure that is in the Budget for that so how many more millions of dollars is going to be involved in the incomplete Estimates of Expenditure that this government has brought in with its fanciful figure, Mr. Speaker, of \$334.5 million as the Budget deficit for this year.

Well, Mr. Speaker, we are going to find out within a matter of weeks, if not within a matter of the first quarterly report, the first quarterly report where my honourable friend can't use fanciful figures, as to just how big his deficit is going to be. We look forward to those honest reports coming forward from the department, I hope in an untrammelled way as they have heretofore, to show us just how accurate this predicted deficit of \$334.5 million will be. I suggest it's a 30-second figure; that it was wrong the minute it was delivered; and that figure is going to be many tens of millions, let's not exaggerate, tens of millions more than the \$334.5 million estimated by this new Treasurer in his first maiden effort, if I can use that term, last evening.

Mr. Speaker, with this deficit being up to these unmanageable levels why would the Minister not speak a bit last night about inflation. Did we hear the word "inflation" in the Budget document at all, if it's there it certainly passed my ear, I didn't hear it. My honourable friend made a rail about all of the other ills that afflict Manitoba, namely, the biggest ill that he complained about is the existence of the Federal Government cutbacks in federal transfer of payments and so on. But what about the fundamental problem that faces the country, inflation, and its bastard children, if I may use that term, unemployment and high interest rates. What is this large deficit going to do to inflation; it's going to fuel inflation in Canada and if every province were so silly and so irresponsible as to try to bring in this kind of unmanageable deficit then the inflationary record in Canada would be much worse than it already is and already it's stuck because we've got a Federal Government here that has no more sense of management than this Provincial Government opposite.

So, Mr. Speaker, I suggest the province is in deep trouble when we have Ministers of Finance and Governments bringing in these kinds of Pollyanna Estimates of Expenditure and alleged budgeting processes at a time when the province needs good sound fiscal management rather than the pie-in-the-sky management that we're obviously getting from this group opposite.

Mr. Speaker, this is a government that is addicted to spending like drunken sailors and that kind of a syndrome, Mr. Speaker, is no answer to the deep economic problems that face the province and the nation today. Well, Mr. Speaker, the directions of this Budget are wrong the directions of this Budget are confusing to workers, to investors, to small and large businesses, to farmers who still, may I remind my honourable friends opposite because I don't think they really understand what makes this province tick, these businesses and entrepreneurs who still represent that entrepreneurial spirit, Mr. Speaker, which makes our economy work.

I hesitate to utter, what to them I'm sure must be a form of apostasy when I say, Mr. Speaker, that it's the private sector which is the engine which makes the economy of Canada work. No amount of million dollar tinkering by my honourable friends opposite in Venture Capital projects of the type that they resurrected last night and which we turned down for a good number of years, which I think even the Schreyer Administration had the good sense to turn down, they resurrect that kind of nonsense so that they can begin to peddle away more taxpayers money on what; King Choy Foods and some of the other marvelous Crown Corporations that they played around with during their previous eight years in government. I'm afraid that's what's happening.

So, Mr. Speaker, they don't understand that the private sector in this province is what makes the economy work and that they should be working in partnership with that private sector. Mr. Speaker, listening to the Minister of Finance bellyaching and whining about the deficiencies in the federal cost-shared programming and equalization, they are becoming quite standard fare from this government. But to turn around and increase spending, in the face of such revenue cutbacks, and then to turn around and to increase taxes, in the face of such revenue cutbacks from Ottawa, and still be running the highest deficit in the province's history is not only irresponsible, Mr. Speaker, it's perverse.

There used to be a man by the name of Paulley who sat on the far side of the House, and this story may be one — it's not one I heard from my ears but it was told to me — he had a good sense of humour he said that he'd been in hospital once and he was the only man who had a certificate to prove that he was sane. Mr. Speaker, after last night's Budget I suggest that the retired Mr. Paulley should invite most of his colleagues, starting with the Minister of Finance, to get the same kind of a certificate because from what we heard last night, Mr. Speaker, there is a deep well of perversity that is guiding this government across the way which is suggested that they really should have a bit of a rescuer somewhere because they're doing everything the opposite way. They complain about federal cutbacks in grants and then they increase

spending. They complain about the cutbacks from the Federal Government and they increase taxes to cover up some of their increased spending and then they run the biggest deficit in the province's history. Mr. Speaker, that's not financial planning, that's financial chaos.

Mr. Speaker, we hear the First Minister of this province talk about the economic madness that is being practised in Washington. He doesn't have to go to Washington to find economic madness being practised; all he's got to do, Mr. Speaker, is walk down to his own office or into the Cabinet room, that's where the biggest economic madness is being practised in Canada today. What is his answer to the kind of economic madness that his government is practising in Manitoba today?

Truly, Mr. Speaker, the drunken sailors have taken over the ship for awhile at least and they're fast either running it aground or going to let it drift aground and it won't take too long to find out which course will be the evident juncture point for the ship of state in Manitoba, because, while my honourable friends are hoping and praying, while condemning what's happening in other countries in the world, particularly in the United States, while they're hoping and praying that Canada will be pulled out of its recession by a recovery in the United States where the rate of inflation has been brought down on an annualized basis to about 5 to 6 percent, while they're hoping that the recovery which they condemn will help pull us out of the trough, their policies in the meantime are throwing gas on the fires of inflation in this province.

Their policies are perverse to job creation in Manitoba. They're going to cause a departure from Manitoba of achievers because of other budgetary provisions that they have in here tonight and they're doing practically all of the wrong things that are required for an economy in the kind of state that they describe.

One aside, Mr. Speaker, the text of the Budget refers constantly to world and to national conditions causing all of our troubles in Manitoba. Have you noticed in the last five-and-a-half months, and I say to my friends in the press because I know they've noticed in the last five-and-a-half months, how all of a sudden, all of the problems that beset Manitoba are attributable either to President Reagan or to Mr. Trudeau, whereas six months ago they were all attributable to the then Provincial Government. We find now, Mr. Speaker, that blissfully and overnight, somehow the spectre of the Provincial Government being able to control the total economy in Manitoba that's no longer a datum with my honourable friends opposite even though it was for four years, it's no longer a datum. It's just another example of how they've turned turtle after they achieved office by making a lot of false promises that they now can't carry out.

Mr. Speaker, I merely note in passing that all of these economic conditions that were attributed by the NDP to be the fault of our government, that this is all changed about now and they're all the responsibility of Mr. Reagan or Mr. Trudeau in Ottawa, and insofar as Mr. Pawley and his colleagues are concerned there's nobody out here but them chickens. They weren't robbing the chicken coop at all when they raised the aspirations of the people of Manitoba to think that they really could do something about the

provincial economy.

Well, Mr. Speaker, my honourable friends opposite, I know, don't like to be reminded of their convenient amnesia about their election promises and it's not my purpose today to rehearse that infamous election document, which I note again for the record, Mr. Speaker, I filed as a document, I think it was on or about the 30th of March, as a paper of this House so that it will reside forever among the records of this House. It will be a record of the infamy of the promises of this group opposite as they struggled and scraped and sweated to get themselves into office with a bunch of false promises that they now can't deliver.

While the purpose of this discussion today is not to recount all of those promises I daresay, Mr. Speaker, that they made about not permitting any person to lose a job in Manitoba and not going to increase the burden on the municipal taxpayer, in fact, going to reduce the burden on the municipal taxpayer - all of those false promises are now coming home to roost and I leave it to others to continually remind, not only the members opposite, but the people of Manitoba of the kind of infamous document that was upon which they oiled themselves into office.

Well, Mr. Speaker, what is even more contemptible, after these wild promises and these raisings of expectations, this government when faced with the hard realities of office, has no plan; it has no strategy for dealing with the problems that it faces. It has no strategy or plan or outlook for what can be helpful to the economy in these particular times. Mr. Speaker, this province doesn't need tax supported jobs as a substitute for economic growth; this province needs real economic growth from the private sector.

Mr. Speaker, we went through the now well documented period, 1973-1977, when this government opposite used tax dollars to bolster the economy, to try to make the picture look better and built hundreds of millions of dollars of either unneeded or ill-planned hydro capital plants in Manitoba which have cost the people of this province hundreds of millions of dollars and will continue to be a fiscal kind of a load around our neck for generations still to come. So when I talk to them, particularly the holdovers, the retreats from the Schreyer era, when I talk to them about the wasteful use of public money in tax supported jobs, they know what I'm talking about because they've wasted hundreds of millions of dollars of tax dollars in Manitoba on that kind of falsely stimulated growth before, and I merely say to them today that they shouldn't think that they can get away with that kind of procedure the second time around.

They talked at the outset of the Budget, Mr. Speaker, of helping to sustain and expand the economy. The only passing reference was made to initiatives, as to how that should be done, on Page 7 of their document and the most important of those initiatives, the large projects, were initiatives that were being implemented by our government when we left office on the 30th of November.

Now, Mr. Speaker, regrettably for the people of Manitoba, we have a Budget brought down in May of 1982 in which, in one sentence, those projects are talked about. Why? Because they're in limbo, Mr. Speaker, and they're all in jeopardy, that's why. They represented and still do represent, if negotiated pru-

dently and wisely, one of the greatest opportunities that this province ever had to gain proper expansion in its economy, to gain thousands of new jobs for our people, to expand the tax base so that we wouldn't have to be engaging in horrendous tax increases such as are brought down by this Budget and as are just as fully indicated, will be followed by this government in another year.

Remember, Mr. Speaker, and I'll make this point again when I get to it, they have imitated the Province of Quebec in the payroll tax and the Province of Quebec has a 3 percent payroll tax at the present time. It's almost bankrupt. This government has started with a 1.5 percent payroll tax and it's on the verge of bankruptcy. Certainly, it's on the verge of mental bankruptcy at the present time and the government is and the province is going to be on the verge of fiscal bankruptcy if this kind of mismanagement across the way continues.

Well, I think it's most unfortunate that in a budget document which is one of the most important documents of this session; we have in one a passing reference to real stimulation for the economy in Manitoba and that's it. That is a shame, Mr. Speaker, that these projects are in limbo. What do we have to face this; very little in terms of hope. The potash development now is a very very doubtful development for reasons that were gone into the other day. The Alcan smelter is on hold and as long as that Minister of Mines and Energy and some of his staff are doing the negotiating it will stay on hold for a long time.

Mr. Speaker, the grid is being negotiated by that same startlingly outstanding team, being renegotiated, I'm afraid almost into the ground by the present Minister and that excellent team that he's put together. So, what's happening even to Manfor? What are the prospects of getting that joint venture partner to work in a joint venture and to expand by hundreds of millions of dollars, the plant at Manfor? What's happening to that? Well instead, that negotiation is falling apart as well. The layoffs that are occurring at the Manfor site are only compounding the problems that are occurring there. So, Mr. Speaker, the drunken sailors are at the wheel but, the ship is beginning to sink. Mr. Speaker, before the ship sinks they'd better be doing some caulking. They'd be better doing some work. They'd better be getting things back in ship-shape and they'd better be getting those projects back on track. I say quite honestly to the First Minister, if it means changing the head negotiator, change him because the province is too important to have this kind of negotiation being bungled — and there's no better word, Mr. Speaker, — bungled as it is being bungled at the present time. Mr. Speaker, this is a document 90 percent of the emphasis of which is on taxing and on spending. Hardly a passing word about expanding the economy, hardly a passing word at all.

How can we take more money from the people? How can we pretend that we're redistributing it in a fair way and so on? Of course, that's the essence of the beliefs of my honourable friends opposite, they blame Ottawa, they blame the previous government for their problems. But, Mr. Speaker, as the former Member for Inkster once said "every new government coming to office has three envelopes. The first one says, blame Ottawa; the second one says, blame the

previous government and the third one says, start three new envelopes." Well, Mr. Speaker, this government has four envelopes. They say blame Ottawa; blame the previous government; blame President Reagan and then create more and more envelopes but that only washes for a very few months, Mr. Speaker. I tell you that it won't wash now.

This government I suggest, Mr. Speaker, is courting disaster when it tries to spend its way out of the current economic problems which this province and the nation find itself at the present time. I know, Sir, that deficits are not popular things to talk about. It's not the kind of thing that engages the attention of men and women in Manitoba over their orange juice in the morning, or whatever but deficits in the long run, Mr. Speaker, can do immeasurable harm to the province. Mr. Speaker, the public doesn't readily discern all of the ill effects of a deficit but sooner or later the searing and scouring effect of the deficit comes to be felt on the corporate body of the province.

Mr. Speaker, a deficit of the size that is being predicted by the Minister of Finance in his Budget will erode the ability of this government and of this province and future governments that will be in office in this province to finance competitively the services that we are led to believe that we should have at the present time. It's going to erode that ability. I know, Mr. Speaker, that this government did not start out with the idea that it would destroy the credit rating of the province; it would destroy the reputation of the province as a sound borrower in the market but I say to them, Mr. Speaker, they're on that road at the present time.

As sincerely as I can, I ask them to reconsider very carefully as they sit about that Cabinet table and in their Caucus room as to where they are taking this province; where they are taking the reputation of this province as a sound manager of its affairs before they carry on with this kind of drunken-sailor spending that we see manifested in practically all that they do.

Mr. Speaker, the linkage between an expanding economy, that is a thriving private sector and an expanding economy, stable tax rates and progressive social services which we all want, which all governments want to provide for their people. That linkage is not easily understood by all citizens at all times but, Mr. Speaker, in tough times when one of those linkages or two of them break down then they become more readily understood by the people of Manitoba.

The people of Manitoba and the people of this country right now are seeing those linkages break down. They're seeing them break down in Manitoba within six months since this new administration come to office because we no longer have stable competitive tax rates any more in this province. The first Budget saw to that. We haven't got an expanding economy in this province and certainly, Mr. Speaker, we've got progressive social services but we can't afford to pay for them, that's the problem. My honourable friends think they can bluff their way through by borrowing and not running and not by prudent management. I say to them with every breath that I can muster, Mr. Speaker, that prudent management is an important partner in the administration of good government particularly in times such as we have at the present time.

Well, Mr. Speaker, borrowing or saying that you're going to borrow \$900 million is easier than doing. The Minister of Finance last night in a statement that will have to rank as probably one of the most daring and one of the most faced with the facts — one of the most gauche made by an inexperienced Minister — said that he was going to borrow \$900 million. Now, does that Minister not realize that he may get his \$150 million fairly quickly from the Canada Pension Plan but, he's then got to go — as I said on an earlier occasion — and rattle his tin cup down in New York. He's got to present the record of this province in New York after this budget — and I can't make prophecies in this regard, Mr. Speaker — but, I suggest that to say you're going to borrow \$750 million in the private market in times such as we are going through at the present time and to do that are two different things. Let me make it clear I wish the Minister well because it's important for Manitoba, even given the irresponsible direction that this government is heading the province, it's important for Manitoba that we get that kind of money even to finance the heresies and the nonsense that they're talking about in their Budget document.

But, Mr. Speaker, let not the Minister of Finance think that just because he says he's going to borrow \$750 million that hocus-pocus it's going to appear in his tattered hat or his battered tin cup and if it does happen to appear, is it going to appear at a price that is competitive? Is it going to appear in a way that Manitoba will still be regarded as a AA borrower, the province having a credit rating because of its good prudent management? Is it or not? No, Mr. Speaker. Those are the questions that have to be answered by the government and I honestly say, I wish them well, because to say that Manitoba would do badly in the capital market would be doing harm to the whole province and no one in this House wants to see harm done to this province or to its people.

So I wish him well but I caution him that the kind of Budget he has brought in last evening is not going to do anything to enhance the ability of Manitoba to raise those kinds of dollars at competitive interest rates in the United States or in other markets they may choose to go to. I need not, anymore I think, Mr. Speaker, counsel the Minister of Finance about the advisability of sticking to foreign exchange markets where they know what's going on so that the people of Manitoba aren't faced with the hundreds of millions of dollars extra in payments that presently result from previous borrowings made by the NDP when they were in office in currencies, the fluctuations of which they knew nothing about and because of the deterioration of the Canadian dollar the taxpayers of Manitoba are now having to pay hundreds of millions of dollars more to retire those debts.

So, Mr. Speaker, deficit financing of \$334 million, and that's a transitory figure that's going to be going only one way and that's up, unless my honourable friends are thinking of entering some lottery and winning it. Deficit financing of \$334 million isn't guaranteed to make borrowing in foreign markets or in the Canadian market any easier. This kind of a mix, Mr. Speaker, the borrowing of \$900 million required with no major capital expansion going on and a deficit of a minimum of \$334 or \$335 million, that's a dangerous

mix in normal times and I suggest to you, Sir, that it's a highly volatile and a highly flammable mix in the very tough times that we face now.

So, Mr. Speaker, while my honourable friends have, I'm afraid, been putting at risk the good reputation and the credit rating of this province, I do wish the Minister and his staff full measure of good luck and good wishes when they go into the market for those capital requirements but I say to him that he did nothing last night to help his task in that respect.

Mr. Speaker, I intend to conclude fairly shortly with a few more words about the Budget itself. I, first of all do offer some few words of congratulation to the government for those tax concessions that it was able to find in the massive areas of spending and in the massive areas of borrowing, and taxing which represented the real thrust of the Budget.

I thank as well my colleagues, but in particular my colleague the Member for St. Norbert, for finally getting it through to the Minister of Finance in his capacity as Minister of Labour that his ill-starred career-oriented youth employment program just wasn't going to float and that he's going to have to put some more money and be more flexible and put more thinking into that plan. So I congratulate the government for putting more money forward, and I say to them now, go the other 50 percent of the way and get back into a reasonable working plan in partnership with the private sector so that you really will create 5,000 jobs for students who need them today. All you have to do, Mr. Speaker, is emulate the plan that they've discarded. All they've got to do is follow the plan that was in place last year and they will get much better value for the taxpayers dollar and they will, as importantly, create much needed jobs for students who desperately need them today.

For a government which keeps crowing all the time about its concern for the unemployed and its concern for the disadvantaged and so on, Mr. Speaker, the older I get the more suspect I become of those who stand on street corners and claim their generic concern for the unemployed and so on. I suppose I come from a different school. I like to see that concern rather manifested on a man-to-man basis because if the concern is genuine, usually you can see people doing something meaningful about it. But nonetheless, Mr. Speaker, that's their problem not our problem.

Their problem is that they say they're genuinely concerned about the youth who are unemployed. Well, if they are genuinely concerned then let them cobble together a better plan for youth employment than they have at the present time and when they do that they will then genuinely be doing something to meet that concern rather than just making statements with no follow-up, that means anything meaningful to those who need the jobs.

I congratulate them, Sir, for the reductions in the corporation capital tax, small as they are. I congratulate them for increasing, as we did a year or two ago, the revenue that goes to private storekeepers and small, medium and large businesses who collect the sales tax for the government. I congratulate them for the corporate tax reduction of one point on small businesses, even though that goes only to incorporated businesses and doesn't represent too much money. It's a step in the right direction. I congratulate

them for the minor sales tax reduction, particularly the one on meals because that increase in the exemption barely covers some of the inflationary costs that restaurants have had to face in the last two or three years.

I congratulate them, Mr. Speaker, for the small effort that they have made with respect to abatement of taxes for capital gains on the sale of farms but I must say, Mr. Speaker, as I read in the Budget the conditions that are attached to that rebate program with respect to farms, they read more like a traveling salesman's contract than they do like something that's going to be of any meaningful help. But no matter how small, no matter that it represents a budgetary loss of only something less than \$1 million, it's a step in the right direction even though the plan has not been too successful a plan in the Province of Saskatchewan.

While congratulating them for those minor tax reductions, Mr. Speaker, I condemn them for their payroll tax because it is through the instrumentality of the payroll tax that the half-truth comes into this Budget, the deception comes into the Budget, the fanciful figures come into the Budget to try to make an apple appear to be an orange, and the questions that were directed today, Mr. Speaker, to the Minister of Finance are merely starting to point out some of the parameters of this invidious tax.

My honourable friends opposite, I suppose, are saying now we'd sooner tax the salaries of priests, rabbis and pastors than we would to put on a sales tax. Do they say that in their Budget? No. But that's the result of the questioning today. My honourable friends are saying they would sooner tax the salaries of people who work for philanthropic organizations such as the Red Cross and religious and philanthropic organizations such as the Salvation Army and so on. They would sooner do that than face up to some of the other possibilities that they have with respect to revenue increases.

Well, Mr. Speaker, that's for them to answer not for us on this side of the House; they have their own consciences that they must answer to. But it is a hidden sales tax, I repeat again, it is a hidden sales tax and it is a deceptive sales tax because it's the worst kind because it operates on the full spate of services and products that are produced in Manitoba. Now, it represents, Mr. Speaker - well for the benefit of that particular voice in the backbench, the one who perhaps has to take off his shoes in order to count - can I merely say to him that if he will listen a little more carefully he may find out just how invidious a tax he's being called upon to support when he, like an automaton, raises his hand or stands up some eight days from now. If he listens carefully, uses both hands and his feet, he may understand what I'm about to say.

The 1.5 percent tax, which is a tax on gross income, if I can believe the words that I read in the Budget, is going to be an extra cost of doing business for all people in Manitoba whether they're in a profit-making business; whether they're in a philanthropic business, such as the Red Cross or some of the other voluntary agencies; whether they're churches, synagogues or whatever. It is a totally universal tax that applies to every employee in Manitoba, bar none. Now, I think even my honourable friend in the back row can begin

to grasp what I'm saying.

No. 1, it is a totally universal tax that applies to all employees in Manitoba; that's No. 1.

No. 2, it is going to result, thereby, in those companies that are in business to make a profit, which is still a desirable thing in this country, it's going to result in a number of approaches that can be taken by the companies that have to pay this 1.5 percent payroll tax. First of all, the company, small, medium or large has the choice of passing it on to the consumer, that's the first choice. The second choice the company will have, will be to reduce the wages of the employee by the amount of the tax, and don't think that won't happen in Manitoba because some employers today are strapped to the point where they can't afford to pay extra wages to their employees, let alone this kind of provincial tax grab that is being put on by the provincial government. So that's the second choice they will have, either to reduce the wages of the employees so that they can pay it into Pawley's pot. Or thirdly, they have the other choice, Mr. Speaker, they can go broke. If my honourable friends think it's any exaggeration to say that there are businesses in Manitoba for which this tax will represent the straw on the camel's back, then they'd better start talking to some of the accountants, they'd better start talking to some of the business people around Manitoba who know just how tough the scene is out there where the private sector is working, trying to keep up to the taxes that this government is levying upon them.

So those are the three alternatives and I advise my honourable friends, particularly the loud ones in the backbench over in the northwest quarter over there, Mr. Speaker, I advise them, when they go home this weekend, start talking to some of the employers; start talking to some of the Ministers; start talking to some of the Priests; start talking to some of the people who run the voluntary agencies; start talking to the corner grocery store. You'd better go in and talk to the people who give the services that your constituents want because every one of them, all pervasively, is going to be paying more for the privilege of employing people than was ever the case in the history of this province. So I say it's an invidious tax, Mr. Speaker.

Consider a second point that my honourable friends opposite didn't manage to put in their explanation of this great mental torment that they went through as to whether or not, if you read the Budget, whether or not they would impose the sales tax, whether or not they would impose the payroll tax. There was a third alternative they didn't even think of; that was to run a better government more efficiently so they wouldn't have to impose any tax. Why didn't they consider that one? But, in any case, when they went through these agencies and these torments, did they bother to put up a table telling the people of Manitoba about the multiplier effect of this tax on products in this province? Did they bother to tell the people of Manitoba, or are they going to keep solemnly silent during the whole of this Budget Debate, about the fact that Manitoba, thank God, has one of the strongest manufacturing, industrial bases in western Canada and is an exporter of products to other provinces, to other jurisdictions on this continent, beyond this continent, that our export trade means something? Did they bother to say in their Budgetary document, Mr. Speaker, that this 1.5

percent inpost on the gross salaries of all employees is going to be a step toward making Manitoba less competitive in those export markets; did they bother to tell them that? No, because I don't think they even thought of it, Mr. Speaker, it was a quick trick. It was one of their quick tricks whereby, gee, we found a way, said they to themselves, to avoid the sales tax increase of 2 or 3 percent, we're going to sneak this little tax on and it's going to be on employers. You can almost hear in the background, tax the rich and that it's good for their sloganeering and so on, and you can just see how it would appeal to the kind of jaded mentality that seems to be the hallmark of my honourable friends opposite.

Well, it isn't going to wash that way, Mr. Speaker, because what is it, something like 70 percent of all of the jobs in Manitoba are provided by the service industries in this province. And the service industries, as explained in the Budget document itself - and I commend the reading of that document to some of the honourable members opposite because there's some information in it that may be enlightening for them - the service industries in this province make up close to 70 percent of the employment in this province and a large part of those service industries, Mr. Speaker, have never paid a sales tax before. People who have been able to go into Safeway and buy food have known that they didn't have to pay a sales tax on it because food was exempt. Now, Mr. Speaker, you're going to put a 1.5 percent inpost provincial tax on the gross salaries of all people. Let's take Safeway as an example, of all people who work for Safeway in Manitoba and I know what Safeway is going to do, they're going to pass that 1.3 percent through to the cost of the food and then my honourable friends, what are they going to say then to the senior citizens and to the people on fixed income? We did you a favour by keeping off the 2 percent sales tax, even though it wouldn't have applied to food, and we put on 1.5 percent on the wages of the Safeway people which will apply to food. How are they going to make that argument wash, Mr. Speaker? How are they going to make that one wash?

Mr. Speaker, quick tricks don't win card games and quick tricks in politics, don't win the approbation of the public and they don't win the support of the public and they sure as the dickens, Mr. Speaker — and let my honourable friend, the First Minister remember this — they don't win elections, because people remember. People remember, particularly when they have been manipulated; when they have been led to believe that the government had a tough decision to make about whether it's going to put on 2 or 3 percent and then turned around and took what they think is the easy course. But people think, you know, Mr. Speaker, they're not all automatons like some that we see in this House; they're not all automatons.

People think, and when people come to understand that this is a tax that will have a deleterious effect upon increasing the cost of living for people who are on fixed income, for senior citizens, for disadvantaged people on low income levels and so on, then they're going to start asking some pretty embarrassing questions to my honourable friends opposite. They're going to be saying to them, why did you do this to us because you said at the beginning of the Budget that

you really cared for us? Well, why then through the back door, are you putting a hidden sales tax on food that wasn't there before? Why are you through the back door, putting a hidden tax on my dental bill that wasn't there before? Why are you through the back door, putting a hidden tax on my kid's clothes that wasn't there before?

I want my honourable friends opposite, Mr. Speaker, before they stand in their places and vote for this invidious tax, I want them to go home to their constituencies this weekend and I want them to start talking to the taxpayers - not to the bureaucrats and the planners, some of whom who are too smart by half; not to the people, Mr. Speaker, who have apparently caught the ear of the Minister of Finance and have fed him a mess of pap about how he could allegedly get away with this tax and it was going to be so much better than the sales tax, as though those were the only alternatives that faced him. Let them talk to the taxpayers, Mr. Speaker, not to the bureaucrats who give them these slick plans. Let them show enough integrity and judgment, Mr. Speaker, because it's the job of the Civil Service from time to time to offer tax alternatives to governments. Let them show enough integrity and forthrightness and candor to say, hey, given a choice between an honest tax and a semi-dishonest one don't you think we should take the honest one? Well, Mr. Speaker, that test was tried on them and they failed to pass the test and they're going to pay the price for it.

Well, Mr. Speaker, the multiplier effect of this tax, because Manitoba — as I started out to say — is an exporter. Manitoba has a large basic primary industry where basic produce is produced. I've seen, and I'm sure my honourable friends have seen, examples of this kind of entrepreneurship that was in the constituency of the Honourable Member for Emerson a week or so ago and you can see farm operations down in southeast Manitoba where the farmer and his wife, perhaps his son and they're both on the payroll and he'll have hired help come in from time to time for broiler operations - where they're turkey operations or chicken operations or whatever. These are employees, they're legitimate employees — he or she will have to pay 1.5 percent on those employees. When the chicken leaves the premises - when it's reached broiler size; to use only this one small example - it's then going to the eviscerating plant. They have to employ people. That employer is going to have pay 1.5 percent on the employees of his eviscerating plant. Then, it's going to go from the eviscerating plant over to the packing plant and the packing plant is going to have pay 1.5 percent plus the trucking, Mr. Speaker, to get it from one point to the other, and he's going to have to pay the 1.5 percent on the truck driver and all of the staff that are needed to run the transportation system. It's going to get over to the packing plant and the packing plant operator is going to have to pay that impost on the salaries of all his employees. Then it goes from the packing plant to the wholesaler and the wholesaler is going to have to pay it on his employees. Then by the time the chicken finally gets into the supermarket or into your corner store, that employer is going to have to pay 1.5 percent on the salaries of his employees. Now, Mr. Speaker, just how many times can that chicken by

taxed all the way through before it gets to your plate?

My honourable friends, Mr. Speaker, don't seem to realize that when you put on a kind of universal tax of this kind that applies to every employee in Manitoba, be he priest, rabbi, nun, director, Premier or whatever; when you make this an all-pervasive tax it has that multiplier effect that I've just given one small example of, so that that end product — and all I'm trying to demonstrate is that the end product that is produced in Manitoba is going to be an end product that carries a higher price than it would ordinarily have carried because of this government and its ill-starred idea of putting on a tax that only the employers would have to pay.

Can't you just see them sitting around rubbing their hands like a bunch of Uriah Heeps satisfying themselves that they were doing something that was so cute. You can almost see the Minister of Finance drooling when this idea came to him. Well, he's not going to get away with it. He'd better get a large hanky out, because he's going to be faced with some pretty difficult questions from the people who have to pay the tax.

Well, Mr. Speaker, the multiplier effect. What about the negative effects as I mentioned briefly earlier on all Manitoba-produced goods. I mentioned the effect on export goods because this will be an extra cost pass-through that will go onto the price of goods that leave this province. Mr. Speaker, remember the words of the First Minister when he was speaking at Brandon, how he didn't want to have uncompetitive tax rates in Manitoba. Those were his solemn words in the same speech, Mr. Speaker, where he talked about his concern about cynicism getting into the political process in Manitoba.

Well, Mr. Speaker, if he or his Ministers or any of his bureaucrats stopped to think that this tax has a negative effective not only on our exports, but it makes more uncompetitive products produced in Manitoba for consumption in Manitoba because there are only two provinces in Canada that have this tax, Quebec and Manitoba; Manitoba is now the second one, and that has the effect of making our product within our own province more subject to competition from products coming from other provinces that don't have the tax.

Now, Mr. Speaker, I apologize for using such elementary examples—almost, one would say, kindergarten examples — and I say that because there are some across the way whose minds will be stretched even by those examples. I think it's important that the Minister in particular, who perhaps has never even heard of these examples before, begin to realize the invidiousness of the tax that he has put on the people of Manitoba.

I'm looking forward to the participation in this debate of the First Minister. I'm looking forward to him standing in his place and telling the people of Manitoba about how this particular Budget lives up to his bench mark that taxes in Manitoba have to remain competitive. I'm looking forward to that when he come to explain the payroll tax. I'm looking forward to that when he comes to explain the surtax on senior income. He's the one who was so concerned. If he's so concerned, Mr. Speaker, about our tax rates remaining competitive well, let him look at the income surtax

he's put on senior incomes — not the incomes of seniors — for the benefit of those who can't understand the terms. Senior incomes, meaning incomes over \$25,000 and the effect that has, Mr. Speaker, in terms of moving people in that range outside of the province where they don't have to stay here and pay that surcharge, not at all. Many of them as we found in the Schreyer years, didn't stay here, they moved out.

Mr. Speaker, my honourable friends across the way are making some observations upon people who left Manitoba. I only make one observation and I don't draw any necessary relationship between the two facts. There were some people who left Manitoba in the last four to five years, and while they were leaving Manitoba, Mr. Speaker, the welfare rolls went down. Now I don't draw any connection but my honourable friends will know that those statistics are true.

MR. DEPUTY SPEAKER: Order please.

MR. LYON: — (Interjection) — Well, some of them got into the House obviously. Where, Mr. Speaker, is all of this talk about a competitive tax position that the First Minister was tooting about at Brandon and so on. I say to the First Minister that we look forward to hearing his exposition of how this Budget happens to keep Manitoba in a competitive tax position. Has my honourable friend, the Minister of Finance, even contemplated another one of the problems that his universal payroll tax is going to inflict on the people of Manitoba? What about the effect on tax supported jobs? My colleague, the House Leader, Mr. Speaker, today tried to get a very simple figure from the Minister of Finance which he should have had and should have put in his book. How many jobs in Manitoba out of the total payroll of about \$7 billion, how many of those jobs in Manitoba are already paid for by the taxpayers of Manitoba? Start with all of the people in this House. Start with the Provincial Civil Service; the employees of the Crown corporations; the school teachers; the school divisions; the municipal employees; the hospital workers; the health care workers; all of the needed jobs that we have in Manitoba, but they're all tax supported.

The Minister got up in his place blithely today and said: "Well, the employers will pay for it," but, Mr. Speaker, who is the employer? The employer is the taxpayer of Manitoba acting through its temporary trustee, the Government of Manitoba, the Municipality of Brokenhead, the City of Winnipeg, the Health Sciences Centre, XYZ Nursing Home or whatever, but the person who's paying the salary, Mr. Speaker, is the taxpayer of Manitoba. Now, have my honourable friends begun to figure out how much tax money is going to be merely recirculated from one pocket to the other by this impost that comes on to, for instance, workers at the Health Sciences Centre, as asked by the Member for Fort Garry today, the Manitoba School in Portage la Prairie, any of the tax supported jobs. So the employer, to use that marvelous euphemism that the Minister of Finance applied to it, the employer being the Government of Manitoba or a local government or the Federal Government is going to have to pay. But who pays the employer? The taxpayer. So all they're doing, Mr. Speaker, is not creating any new tax wealth; they're recirculating

money that they then have to vote for in this House or at the City of Winnipeg in order to ensure that the so-called "employer," who is really the level of government, has sufficient funds out of the taxpayer's pocket to pay the tax that the employer's government, imposed.

When I see that kind of a situation, I conjure a vision of a dog chasing its tail around a strawstack, never catching up, and having about the same prospect of making progress as this government does in terms of fiscal integrity.

Mr. Speaker, I hope, before this Budget debate is completed, that the Minister of Finance will fill in one of his colleagues who's capable of retaining these facts to explain just how this recirculated tax dollar is going to be of any help, because the Province of Manitoba is going out to raise \$110 million out of the payroll tax. But what proportion of those tax dollars comes, Mr. Speaker, from the Province of Manitoba itself, and what is the real new money that is going to be raised by this tax, or is the \$120 million as fictitious a figure as his Budget deficit figure?

So we'd like just a little bit of an explanation. I noticed in the back, my honourable friend had tables that worked over a page-and-a-half to try to tell the needle trades that they weren't going to be adversely affected by this, and they picked out your average bank and your average needle trade; they didn't pick out, of course, your average church, your average synagogue, your average Red Cross office - no, they wouldn't bother with that. They told at the end - and, Mr. Speaker, those of us who have been in government, we know how these papers are presented by the staff - they gave at the end the advantages of this system over the alleged alternative, the sales tax.

But, Mr. Speaker, I know that there's a piece of paper missing from the Budget. Do you know what the piece of paper is that's missing from the Budget? The piece of paper that's missing from the Budget, which I daresay the member who just spoke couldn't understand if it had been in there, the piece of paper that's missing from the Budget, Mr. Speaker, is the one that the staff gave to the Minister of Finance which said: "And here are the disadvantages." And you know, I've spent most of my remarks today, is in recounting what I'm sure he was told but he didn't have the forthrightness or the candor to publish that piece of paper in his Budget and to show the people of Manitoba what the disadvantages were. He knows what they are but he wouldn't publish the disadvantages in his Budget document, no; and it's for that reason, Mr. Speaker, because of this crass and rather bungled attempt to manipulate public opinion, because of the half-truths that are used in some of the tables that appear in the Budget. Remember the table, Mr. Speaker, which appeared on the front page, I think it was today, of the Winnipeg Free Press, taken right out of the Budget which purports to leave the impression that the Provincial Government somehow or other had reduced income taxes.

Now, we know and the Minister knows, Mr. Speaker, that the Federal Government has reduced personal income taxes in Canada and we know, and the Minister of Finance knows, that Provincial Governments, probably, some of them frothing more at the mouth than others, are going to be rushing in to fill up that

tax area that was left by the Federal Government in its ill-starred Budget last November. But somehow or other my honourable friends don't come right out and say that, they try to leave the impression that somehow or other even if you're earning over \$25,000 a year, you're going to be paying less taxes even though they're putting more taxes on. The reason of course if that table is true, the reason it is true is because the Federal Government has moved out of the tax field. Well, why don't they just say so; it's a very simple thing to do.

So, Mr. Speaker, why then do my honourable friends not print the table of disadvantages of the payroll tax. I know that my honourable friend has such a table because his staff, by and large, except for some of the socialist Paladins that have come in, he's got good staff working there and so I'd like him to tell us what the disadvantages are and I'd like him to tell the House whether, Mr. Speaker, or inform one of his colleagues, because he can't speak, as to whether I've missed any points. I'm pretty sure that there are more disadvantages than I've been able to think of in the last 18 hours and I'm sure that more will come to mind as we continue to delve into this invidious tax.

Mr. Speaker, I put it in these terms that tax supported jobs in the Civil Service are already paid for 100 percent by the taxpayer. Collecting 101.5 percent doesn't create any new tax wealth for my honourable friend, whether or not that axiom has come through to him, I don't know. All it's doing is having government recirculating its own money and he's going to have to raise a tax to pay a tax if he begins to get the dog around the strawstack analogy that I'm trying to impress upon his intelligence.

Mr. Speaker, I give him another example and there are a legion of examples that could be used. Speaking of legions I suppose the bartender at every Legion; I suppose the person that sweeps up the floor at every Legion; I suppose the people who do odd jobs around the Legion and so on are going to be taxed to, I bet they're going to love it too. They're going to love it, Mr. Speaker, as much as the church employees love it. Mr. Speaker, by the time they finish paying for the \$20 million on the beer, wine and spirits they won't like it too much at all.

Let's get closer to home, Manitoba Telephone System is a creature of this government, Manitoba Telephone System in 1982, Mr. Speaker, has a projected payroll - this is a slight difference - of about \$100 million. Now we heard the Minister say today that no employees in Manitoba were exempt, none whatsoever. Well, 1.5 percent of \$100 million is as close as Billy-be-damned to \$1,500,000. Now notice the slight change on this; the \$1,500,000 that has to be paid by Manitoba Telephone System is not paid by the general taxpayers of Manitoba it's paid by their ratepayers, everybody in Manitoba who has a telephone. So the Manitoba Telephone System, being a reasonable operating company, is going to do what? It's not going to go bankrupt like some companies will, it's going to have a devil of a difficult time trying to take that off the salaries of the employees. So what's it probably going to do? It's going to pass it through to the ratepayers. Up go your telephone bills so my honourable friend can collect his invidious tax which he says, according to his limited tunnel vision and his

only comparison, is better than a sales tax.

There's another example, Mr. Speaker, where it doesn't come from the taxpayer, it comes from the ratepayer. And I haven't even got the figures in front of me for Manitoba Hydro, but their employees are about the same number and their salaries would be about the same number and that's going to be another \$1.5 million added to their operating expenses which they'll have to charge through to the ratepayers of Manitoba Hydro and Autopac is going to have to do the same. So when we talk on this side of the House and columnists, who are not unfriendly to my honourable friends opposite, and writers and other commentators in the province, talk about the invidiousness of this tax maybe my honourable friends will begin to realize before the eight days are finished that they've really tripped up on something, that they really have imposed a hidden sales tax and boy does it have ramifications, that if they'd really thought them through they wouldn't have touched with a barge pole.

Mr. Speaker, the City of Winnipeg has a payroll of \$212.8 million plus about \$13 million for Hydro and about 1.5 percent of that is \$3.192 million dollars and that represents about 2 mills on the taxes of the ratepayers of the City of Winnipeg and the school division has employees and so on. Now my honourable friend said, in his Budget document, I read it with my own eyes and he said today "but we're going to rush in and we're going to make extra grants to cover up" and I think that's a good term, to cover up, this extra hidden sales tax that we're putting on to the municipal corporations. Well, where is he going to get that money from? He's going to tax the people in Napinka to pay for the City of Winnipeg employment payroll tax in Winnipeg. I don't think that's terribly good business but that is apparently what he's saying he's going to do.

Well, I give another example, Mr. Speaker, the Government of Manitoba is engaged, and we're waiting for the bill now, in an operation whereby it's making a non-interest bearing loan to the Credit Union movement in Manitoba, \$29 million, and at the same time it's going to be taxing those 1200 or 1500 employees of the Credit Union movement in Manitoba. I don't know what the equivalent will be but it could be the equivalent of some of the points on the so-called interest-free loan that the Government of Manitoba is making to the Credit Union movement, and on and on the examples go. The long clammy hand of socialism reaches out and grabs, Mr. Speaker, the loaf of bread and offers a few crumbs on the side and hopes that the peasantry will be satisfied.

Well, Mr. Speaker, I hasten to add I'm using their terms, not mine. Well, Mr. Speaker, that isn't going to wash at all because there are so many examples where the invidiousness of this tax is going to prove itself to be something that my honourable friends will wish they'd never even heard of. Have they even heard about Co-op Implements which they're propping up right now, Mr. Speaker, with loans from the province, and from the Province of Saskatchewan, from the Province of Alberta, the Federal Government. They're going to turn around and they're going to impose a tax of 1.5 percent on the total payroll of Co-op Implements. They give with one hand, they take

with the other.

Well, Mr. Speaker, there we are, one could go on and on and on about the invidiousness of this Budget, about the failure of this government to meet its mandate, about the way in which this government has frittered away its mandate in the last 5.5 months and this Budget perhaps is the capping of the process for the first quarter to show just really how out of touch they are, Mr. Speaker, to show how incapable of prudent management they are, Mr. Speaker, to show that regrettable lack of integrity in their method of presentation of even the budgetary documents; this unfortunate manifestation of theirs, of the quick trick that they think is so clever, but really does not wash at all.

So, Mr. Speaker, for all of the reasons that I have been outlining in particular, to repeat them: the lack of any economic strategy in the Budget; the manner in which it was it was cobbled together. The only direction that we can see in this Budget is spend, spend, spend, tax, tax, tax, that's the only direction. It's as though they were living in Oz. If they were managing Oz — well, as somebody said long before me, "If you put the socialists in charge of the Sahara Desert it would run out of sand in five years." Well, Mr. Speaker, I long since knew and have repeated in this House that to expect fiscal integrity from a socialist is like expecting a vulture to say grace.

So I'm not complaining, Mr. Speaker, in the sense that I'm excited or that I'm somehow surprised by the lack of fiscal integrity in this Budget. There's another aphorism my honourable friends should remember, too. The other aphorism they should remember, Mr. Speaker, is this; that it takes a Liberal a lifetime to know what a Tory knows intuitively. They aren't even Liberals, they're socialists so they haven't even a chance of learning.

Well, Mr. Speaker, they lack a strategy for the economic development of this province. They are presiding over profligate spending in this province at a time when most if not all other jurisdictions are trying to prudently manage the taxpayers dollars. They're increasing taxes at a time, Mr. Speaker, when we should be reducing taxes. They're running, Mr. Speaker, the highest deficit - and it's a false deficit as written in the Budget - they're running the highest deficit in the history of this province and it will go even higher. They're going to the Capital market, Mr. Speaker, for three times the amount of money this year that we went for last year at a time when it's inappropriate to make those kinds of borrowings in the Capital market.

Mr. Speaker, they are, in a word, incapable of running the affairs of the Province of Manitoba. It is therefore, Mr. Speaker, my sad but necessary duty to move, seconded by the Honourable the Member for Fort Garry

THAT all of the words following the word "House" be deleted and the following added "regrets that in presenting its first Budget the government

"(1) has abandoned its responsibility to manage carefully the financial affairs of the province;

"(2) has confirmed its failure to pursue aggressively the major economic development projects initiated under the previous administration;

"(3) has failed to provide economic direction and

leadership; and

"(4) has caused increased public cynicism about government and the political process and has failed to keep faith with Manitoba."

MOTION presented.

MR. DEPUTY SPEAKER Harry M. Harapiak (The Pas): The Honourable Minister of Natural Resources.

HON. AL MACKLING (St. James): Mr. Speaker, first, let me say that I'm delighted to have the honour and the privilege to contribute to the debate in respect to the Budget, particularly following my friend the Honourable Leader of the Opposition. You know, Mr. Speaker, —(Interjection)— it's indicated I'm hard up for friends. Well, I consider everyone my friend. Mr. Speaker, I've always found the Leader of the Opposition entertaining; certainly humorous. But, his humour leaves some people a little troubled. Mr. Speaker, while I admire the Honourable Leader's skills in oratory, the language, the vituperation, the innuendo, the smear that is occasioned in his language takes away from his otherwise able address.

Mr. Speaker, he talks about temporary trusteeship of the province. Well, he should be able to talk about that, Mr. Speaker. He talks about sheer blatant cynicism. He talks about shaded truth. He talks about fanciful figures. Mr. Speaker, we remember a government of this province that talked about balancing the Budget; about protracted restraint. But what happened when we entered into the government here? We found \$152 million in the Estimates that were unnecessary, that didn't come before this House this session. Talk about balanced Budget and restraint. We found, Mr. Speaker, when the Honourable Leader talks about good government, \$81 million in supplementary Estimates had to be passed by a Cabinet of this government that they had not provided for in their Budget. That is good government.

Talk about, Mr. Speaker, betrayal of promises. They promised much. They promised a balanced Budget. They promised that they were going to reduce taxation. They were going to reduce the waste. Well, there was plenty of waste still when we came into government. The fact is, Mr. Speaker, the economy of this province was wasting away during the four years they were in office. Mr. Speaker, here we have a former Premier of this province condemning this government that's been in office five-and-a-half months. He was in office four years and did nothing.

Mr. Speaker, the Honourable Leader is talking about this Budget and condemning it because it provides for additional spending, for additional assistance to the economy. Well, implicit in what he's saying is that we should be cutting back on spending; we should be reducing the role of government in stimulating the economy. That's what he's saying, Mr. Speaker, but he doesn't have the honesty to state that. He merely says that we're on a perverse course; we should be retrenching; we should be cutting back. Well, that's what he's telling the people of Manitoba and that's what the people of Manitoba will not accept. Mr. Speaker, the honourable member says that we never promised, we never said that we would increase taxes. We never said, during the course of

the election, that we would increase taxes or we wouldn't increase taxes.

Now, everyone knows that if you're going to do anything with government then you have to raise revenues. If you're going to spend you have to find the money. That government, Mr. Speaker, went for three years in office saying they wouldn't do anything and the last year they were desperate to try and find the benefit of the voters. They promised a great deal in that last year, Mr. Speaker.

Mr. Speaker, I don't know what troubles the Honourable Leader of the Opposition about sailors. He seems to continue to condemn sailors. Well, Mr. Speaker, not that I want to be personal, but I am reminded when I hear the honourable members speaking, when he talks about sailors in a state that is not befitting of them and when he talks about the ship of state. I'm troubled that I have seen and heard stories about beached whales and, Mr. Speaker, the Honourable Leader of the Opposition reminds me of the beached whale that has a suicidal intent and despite all our best efforts he won't go out to deeper water and swim.

Mr. Speaker, the honourable member wants to continue to condemn and he wants to refer back to King Choy and he talks about the glory of private enterprise and how private enterprise is the only engine that fuels our economy. I'm going to have a few words to say about that, Mr. Speaker. Mr. Speaker, he was talking about Hydro earlier on, about the hundreds of million dollars that were spent on Hydro. During the course of the first meeting of the Public Utilities Committee the officials of Hydro indicated that we, in Manitoba, were in an enviable position because we had power that had been developed at lower rates than our competitors were being faced with. Now, they don't talk about that, Mr. Speaker; they don't talk about that, prudent investment. Mr. Speaker, the Honourable Leader talks about the mega projects again. Well, we've heard a lot about mega projects, both in this province and in this country, and the honourable member says, do I understand them. Yes, I think I know something about them.

Let me tell you something about mega projects; let me tell you something about big companies and how they operate. Now, the Honourable Member for Sturgeon Creek is here and he will be able to confirm what I say that, in respect to local government - local government has come under pressure of big companies too, it's not just provincial governments, away back when, Mr. Speaker, the City of St. James was approached by the Ford Motor Company, a good company, nothing wrong with that company, nothing wrong with their desire to make profit but through blandishments with the City of St. James they secured a large tract of land, but they only built a relatively small building on it. Why did they get all that land? Because they convinced the then City of St. James, the Municipality of St. James, that they ought to have it for further development. Well, that was a part of history. That is a part of history, Mr. Speaker, that people in this city know about. Let me go further, Mr. Speaker.

In 1969, Boeing of Canada approached this province and approached the City of St. James. They wanted land, they were going to build, they were

going to provide jobs. The Honourable Member for Sturgeon Creek will recall those discussions where a large, international corporation said they needed land to build on. The City of St. James had a very sizable amount of land in the northwest corner of the City of St. James for development purposes, developed by the City of St. James, not by private entrepreneurs; we resisted that. During the course of the approach by Boeing they insisted that they had to have 136 acres, Mr. Speaker, 136 acres to develop on. Now anyone can go out in that community and see how many acres have been developed. They got 136 acres; they have built on less than 10 acres, Mr. Speaker. Now that's big business. I don't fault Boeing for being hard businessmen, tough businessmen, wanting to make a profit, but what kind of profit did they make, Mr. Speaker?

The City of St. James had to accommodate the Boeing Company, go out and buy three parcels of land for \$35,000 each, that's \$105,000; they had to buy out a small holding of two acres for \$155,000; they had to go out and spend \$255,000.00. They then sold that land to Boeing for \$410,790, a whole 136 acres at \$3,000 an acre. Do you know what the price of land was at that time, Mr. Speaker? The price of land then was selling for \$11,000 an acre. In one fell swoop, Boeing made a book value gain of \$1,096,000.00. Now that's big business. Why did the province and the city want to have that big business locate there? Well, jobs, Mr. Speaker, development and the blandishment of that big company. You know, if you don't give us what we want, we won't build here, we won't do the things that you want us to do. Well, they haven't performed, Mr. Speaker.

But let me go further, Mr. Speaker. Let me talk about something that the Honourable Leader of the Opposition knows something about, if his memory recall will permit, I'm talking about the Churchill Forest Industries complex, Mr. Speaker, when the Honourable Leader of the Opposition was then the chief legal officer of this province, responsible to advise the government of this province on the worth of agreements that were signed. Well, what happened? We had agreements signed by the Honourable Leader of the Opposition; they didn't even know who the principals of those companies were. Now that's good business is it? Mr. Speaker, what was the concern there? The concern then was a natural resource giveaway, big development, mega project. That was the mega project of the 1960s and we know how it happened to that.

But, Mr. Speaker, you know, during the course of the last election, you heard the message about the mega projects and they were saying in their advertising, and we heard ad nauseam, don't stop us now, don't stop us now. Well, Mr. Speaker, so could Walter Weir in 1969 have been saying, during the course of that election and I thank God that he was stopped then, Mr. Speaker, because Churchill Forest Industries was a fact; agreements had been signed; commitments had been made. But, Mr. Speaker, I have something of interest for the honourable members. It went beyond Churchill Forest Industries.

Let me read into the record a memorandum that I found in the office of the Minister of Natural Resources, a memorandum that might be of interest to the Honourable Leader of the Opposition. This memo-

randum is dated October 28, 1968. It's addressed from the Honourable Walter Weir, then Premier, to the Honourable Harry J. Enns, then Minister of Mines and Natural Resources, and the subject of this memorandum is Northern Forest Project. Listen to this, Mr. Speaker:

"On November 22 - 24 the undersigned accompanied by the Honourable J.B. Carroll, R.E. Grose, General Manager of the Manitoba Development Fund and Mr. J.L. Ziegler, Forest Consultant of Arthur D. Little Inc. visited plants owned and operated by Wilhelm Stahler Paper Fabric in West Germany. As indicated in Mr. Grose' memorandum to me dated October 15 (a copy of which was forwarded to you) this company is interested in constructing a 600-ton kraft paper mill."

Listen to this, Mr. Speaker: "Adjacent to the Churchill Forest Products Mill providing assistances available from the Manitoba Development Fund on the same terms and conditions as were made available to the Churchill group." It goes on, "Before finalizing any agreements with his company, Mr. Grose on behalf of the board of directors of the fund requested that I and another colleague accompany him to Germany to visit plants operated by Wilhelm Stahler to be fully satisfied as to their competence in the kraft paper field. I am attaching a report of our visit prepared by J.L. Ziegler and this report fairly reflects the consensus of opinion arrived at by all members of the Manitoba group.

"On this basis the Manitoba Development Fund is proceeding with discussions with a view to finalizing agreements with the principals. During our visit we were provided with copies of the attached brochures and sample kits of various types of kraft paper produced by Wilhelm Stahler Paper Fabric and I am forwarding these to you for your information and retention. Walter Weir. Copies to the Honourable J.B. Carroll and to the Honourable Gurney Evans, the Honourable Sidney Spivak and R.E. Grose."

Mr. Speaker, accompanying that memorandum, a memorandum by Arthur D. Little confirming the arrangements of this historic visit to a mill that was built in the late 1880s, originally a mill. It had been converted to a kraft paper mill and was producing 60 tons of kraft paper a day and here are copies of the kraft papers apparently that were so nicely handed to the visitation over there in Germany. Mr. Speaker, I want to table that for the record of this House.

Mr. Speaker, don't stop us now . . . heavens, I don't know, Mr. Speaker, whether the honourable members learned anything from CFI but I am very grateful that the Honourable Minister of Mines and Energy has not confirmed to me, at least, that we have binding commitments on some of the resource giveaways that they were working on. Mr. Speaker, surely the lesson to be learned in the Churchill Forest Industry fiasco was that you don't bargain away natural resources in desperation to please the electorate and say that you're doing something.

Mr. Speaker, the honourable member talks about mega projects. Well we've seen the Federal Government toying with mega projects. Mr. Speaker, we are going to bargain from strength, we are going to bargain rationally and we are going to produce a Budget, and we did produce a Budget that provided for fair shares for Manitobans, not the kind of giveaways to

corporations that was manifest in the kind of structuring of our economy under the previous administration. Mr. Speaker, the philosophy of the Progressive Conservatives in government was that the least government is the best government; that was their philosophy. Do nothing, retrench and that's the kind of government we got, the least government, a nothing government. Mr. Speaker, that's what the people of this province rejected on November 17th.

Mr. Speaker, the Honourable Leader of the Opposition continues to use his little tin cup story. If that little tin cup is now battered it was as a result of the fumbling in their hands. Mr. Speaker, the honourable member wants to use emotional comparisons, he talks about this Health and Education tax on the poor priest. Well, if the priest is paying income tax is that a problem, he's paying tax anyway. What we are doing, Mr. Speaker, is providing a revenue source that does not tax people who don't have income, people who are unemployed, pensioners. The honourable member would like us to produce a tax like they had in 1969 when the first NDP Government was elected to office. What was that kind of tax, Mr. Speaker? That's the kind they fought for. What was it? A poll tax, a medicare tax; yes, the poor, the unemployed, everyone paid that tax, that's the kind of tax they like, Mr. Speaker, that's the kind of tax they have in Ontario today; that's the kind of tax they have in Alberta; that's the kind of tax they would like to see instituted in this province, Mr. Speaker. Let the honourable leader try to deny that, that's the kind of thrust of taxation policy he would like in this province.

And, Mr. Speaker, he has the gall to stand in this Chamber and talk about invidious taxation, when you tax the poor, when you tax the unemployed, when you tax the people who have no income on a poll tax, that's the kind of tax that they supported. Mr. Speaker, the honourable member seemed to fudge over the question of a surtax, I don't know. Whatever his concerns, he didn't read the document. If he looked at Appendix C he would find that the Minister of Finance quite correctly stated that no one would be paying more income tax, you look at Appendix C.

The honourable member didn't say, now this is what we did. Even with the surtax, you know that the honourable members are so concerned about, all these people being driven out of the province, even with a surtax they weren't going to be paying more than they did in 1981. They should just have taken a little of that 18-hour time that he looked at this document to read the document and not just take the words of his advisers because they didn't work out very well on November 17th either.

Now the honourable member talks about some provincial governments frothing at the mouth. I don't have any particular love for Progressive Conservative governments elsewhere in this province but I wouldn't characterize them as frothing at the mouth in respect to taxation. They are as desperate for answers to the problems that beset our economy, problems of high interest rates that the former Minister of Finance in this province stood up and protected. He believes and the Honourable Leader of the Opposition believes, that Ronald Reagan's a great man, a great man. They went down and were enthusiastic about Ronald Reagan being nominated. They even got a tie. They don't

wear it in this House any more, I'd like to see him wearing it.

Because they believe in high interest rates, they believe that the profits of the large corporations, as long as they make profit, it'll trickle down, it'll trickle down to the poor; that's their theory, Mr. Speaker, and that's Ronald Reagan's theory. Cut programs to the poor. Let's encourage big business, particularly the armaments business. Then the benefits of the armaments business, that'll trickle down to the poor of the United States. That's the kind of thing that the Honourable Leader of the Opposition likes.

The Honourable Member of the Opposition is talking about invidious tax. He's talking about an invidious tax, Mr. Speaker. —(Interjection)— He is standing, lamenting and whining because we are taxing the banks more; we are taxing the insurance companies more and, Mr. Speaker, we know how close the Honourable Leader of the Opposition and some of his colleagues are to the major insurance companies in this province and how, when they were first elected in this province under his administration, they welcomed those insurance whiz kids to advise on how we could tax the poor in this province.

Mr. Speaker, the honourable member wants to scare people, scare people of the City of Winnipeg when he talks about the effect of this tax on the payroll of the City of Winnipeg. He knows that this tax will not come into being until January 1st and he knows that this government at least, has addressed the problem of municipal government financing in a much more effective way than he has.

Mr. Speaker, he hauls out again those old slimy expressions of his, the long clammy hand of socialism and I remember hearing about the dead hand of government. Mr. Speaker, Progressive Conservatives in government are concerned to protect, protect the privileges of the large corporations and the funds that they represent. They are concerned lest the people get power in this province. They want to maintain the privileges of their friends. When he talks about the long clammy hand of socialism, you can just see the honourable member in those elite circles that they travel in, talking about these hungry dogs of socialism barking at the doors. Oh, what a pity, Mr. Speaker.

Mr. Speaker, this Budget reflects the problems of a government in Manitoba that has now to deal with a government in Ottawa that's being poisoned by the rhetoric of the Conservatives, poisoned in their constant attack against Federal Government programming. We have demonstrated, Mr. Speaker, in the few months that we've been in government that we are prepared to work, we are prepared to give credit where credit is due to arrangements with governments, whether they be governments that are Progressive Conservative, east or west, or whether they be Liberal Governments in Ottawa. But so long as the arrangements, the contracts, the benefits are there for the people of Manitoba, we are not doctrinaire, we are not afraid to deal with private enterprise, we are not afraid to deal with public enterprise. We're not in a doctrinaire tunnel and that doctrinaire tunnel so poisoned the atmosphere between Ottawa that it led, Mr. Speaker, to the attitude of a Federal Government that said: "Damn the provinces," and in the consideration of the adjustments of equalization, that was reflected

in that situation.

This Budget demonstrates that this government is prepared to take the tough course of action, tough in respect to Ottawa, but fair. They have changed the rules of the game; they have taken away from our province and in this Budget, we get a sizeable amount of money back that otherwise goes to the Federal Government. That is one of the real benefits of this Budget and the honourable member doesn't want to recognize that; doesn't want to acknowledge that. Well, what do the fed's think about it? The fed's will know that we are a government that is not afraid to negotiate, not afraid to negotiate from strength, but is prepared to deal on a fair basis with that government. —(Interjection)—

Well, Mr. Speaker, there's a classic. The honourable member probably hasn't read *Das Capital* and I would commend it to him, maybe he'd learn something. Maybe he'd learn that that book was written in the 1800s and the honourable member is still in that era. All he reads is Adam Smith, Mr. Speaker. You know, he didn't get out of the 1800s. —(Interjection)— Yes, I read *Das Capital* but I've read some modern economics since then.

Mr. Speaker, this is a Budget that reflects a desire of a government that's concerned to be fair and not to tax the poor. Now we could have, certainly we could have used an increase in sales tax and not to say that sales tax is a terrible thing when it has proper exemptions to it, but on the balance, this is a much fairer tax because the honourable members know that the tax that's involved here is a cost of operation and it's deductible from the cost of operations and therefore it gains us back from Ottawa many of the millions of dollars that the poisoned atmosphere that they created has driven away from us.

Mr. Speaker, let me conclude with these remarks: "Damned are we if we know and care but do not dare to change the system; a system of profit, privilege and power for few and subsistence, subservience and subjugation for many."

MR. DEPUTY SPEAKER, Jerry T. Storie (Flin Flon): The Honourable Member for Sturgeon Creek.

MR. J. FRANK JOHNSTON (Sturgeon Creek): Mr. Speaker, I took some brief notes about the Member for St. James, his statements about Boeing. I guess we were both on Council when that happened. As a matter of fact he voted for Boeing to have the property and Boeing has expanded on two occasions and employs somewhere close to 250 people in Manitoba. So I would say the land that they required at that time was suggested to us by the Provincial Government that they needed that much. Boeing was encouraged to come here by DREE, etc., so there was really no problem in that respect.

Mr. Speaker, the Budget, I don't know what the member was speaking of when he said there was \$150-some-odd million that didn't have to be spent or they found it didn't have to be spent. The quarterly report of the province projects the excessive expenditures over revenue at \$252,800,000 and in the Budget that was presented to us on Page 11 last night, this left a year end deficit of \$252 million. Now if there was \$150-some-odd million there that didn't have to be

spent, I don't know why you spent it. I mean it could have been \$100 million deficit but obviously this government did spend it and did agree with the quarterly report that was put out by the government. I really have trouble trying to figure out what the Member for St. James was saying when he made those statements about the deficit.

Mr. Speaker, the CFI situation seems to come up in this House very often. I have read this once in the House and I will read it again. I'm sorry the Member for St. James isn't here because at that time he was in Cabinet and he was the Attorney-General. Let me read again to the members opposite, Page 3109, June 23, 1970, a statement by the Honourable Ed Schreyer:

"Mr. Speaker, I have a brief statement of information for honourable members which I would like to read. Representatives of M.P. Industrial Mills Limited have met with officials of the Government of Manitoba; the Manitoba Development Fund; the Arthur D. Little Incorporated for the purpose of reviewing the status of M.P. Paper Mill Project at The Pas. As a result of these meetings satisfactory assurances have been given and additional certification procedures will be followed to ensure that the balance of MDF loan monies available will be paid to suppliers and contractors toward the cost of completion of the project. The monies advanced will be deposited in a trust fund for the foregoing purpose."

Mr. Speaker, it's fairly obvious that the First Minister has left because he doesn't want to hear those words; completely chicken when you read that to him. When you read this book of the contents of what really happened in the Churchill Forest Industries in Manitoba we find, Mr. Speaker, — and I'm sorry the Member for St. James wasn't here to read the quotation about CFI that I just read which Mr. Schreyer said in this House — I'll send it over to you. As a matter of fact, Mr. Speaker, I will give the reference to the Member for St. James. —(Interjection)— Well, I will.

I have a brief statement of information for the honourable members which I would like to read. This is the Premier of the province, 3109 Hansard, June 23, 1970. The Premier is Mr. Ed Schreyer.

"Representatives of M.P. Industrial Mills Limited have met with the officials of the Government of Manitoba; the Manitoba Development Fund and Arthur D. Little Incorporated for the purpose of reviewing the status of M.P. Paper Mill project at The Pas. As a result of these meetings the satisfactory assurances have been given and additional certification procedures will be followed to ensure that the balance of the MDF loan monies available will be paid to suppliers and contractors toward the cost of the completion of the project. The monies advanced will be deposited in a trust fund for the foregoing purpose."

He said that in this House, Mr. Speaker.

MR. DEPUTY SPEAKER: Order please. Order please.

MR. JOHNSTON: Not right now, Mr. Speaker, after I'm finished this, for a minute.

There's a book called, *What Happened When Dr. Kassar Came to Northern Manitoba*, which is published by Mr. Walter C. Newman. Everything in this book is referenced. Everything in this book, Mr. Speaker, refers to the testimonies and refers to all of

the things — and Mr. Newman is not with us today — but I assure you there are people with the documentation willing to back up whatever he says in his book.

Mr. Speaker, at the beginning of July, 1969 the then NDP Government that just came to power changed the payout system to CFI. —(Interjection)— They did. There had been approximately \$14 million spent at that time. After we had this bit of information that has come to us about everything being taken care of and after a meeting on July 31, 1969 — a four-hour meeting with all the representations of the forest industries — we go down through the book here and on August 1, 1969, Mr. Speaker, the project was to cost approximately \$100 million. —(Interjection)— Just listen, the Member for St. James. The Member for St. James just listen.

The project was to cost approximately \$100 million, from August 1, 1969 and here are all the requisition numbers and the payout numbers. You paid out \$59 million by May 5, 1970 of which \$24 million of it went into the Bertram people; the whole payout system. Mr. Speaker, would you like me to read the fact that the Member for St. James, the Honourable Al Mackling, Cherniak and Green were part of a committee that took over the complete control of the fund and the payout? Mr. Speaker, the documentation is in that book.

Now, you can argue — just a minute — Mr. Speaker, I have listened to the Member for St. James shoot his face off for years. Today he'll listen to me. When he talks about temporary trustee in this House he was a temporary trustee for four years and then got beaten. So let's not talk about temporary.

Mr. Speaker, there was never anybody ever said that the CFI — you people keep talking about agreements — you took over the payment system. You paid the money out. —(Interjection)— You didn't. You didn't have to do it. —(Interjection)— Yes, that was brought up in the House yesterday and it was so inaccurate that the Minister of Energy didn't even know how it was signed. Now, the inaccuracies come up.

I suggest, Mr. Speaker, that this book is available and I suggest the Member for St. James read it and if he's got any reason to doubt anything in that book he should stand up and he should do it. They are the ones that paid out the money on CFI; they are the ones that could have cancelled it after 14 million, after they called it a terrible thing; and they could have done the same thing as Mr. Blakeney in Saskatchewan and cancelled it but they didn't, they went ahead. And Mr. Speaker, when Mr. Matthias came forward from the Financial Post and informed them of how the payouts were being made they all scurried around, like you wouldn't believe the money they paid out. They actually were told and they scurried, they ran, they got Mr. Stewart; what is it Mr. Stewart said, blame the government, blame the previous government for the mistakes. Let's take a look at 101. The Fund and its consultants have not carried out their responsibilities, exerting their control over the public funds in a manner would expect, under the circumstances. The funds weren't under control and the Premier of this province, Mr. Schreyer, stood up in this House and said they were and then he said they weren't. Then the provincial Auditor said they weren't. Mr. Speaker, I

have never heard such folderol in my life, I have never heard such backtracking in all my life.

Now, Mr. Speaker, let's get down to the Budget. The Premier was sitting over there a while ago going ho, ho; Santa Claus, my foot. Mr. Pawley, we are becoming very used to the inaccuracies that are presented by the First Minister of this province. I think my colleagues and I have a list of about 75 that are completely inaccurate statements made by the Premier of this province. I notice the Speaker is looking at me and I will pull one out of my drawer if he wants one right now, I'm perfectly willing to put it out.

Mr. Speaker, I heard the comment from the other side and it usually comes from childish people and unfortunately that's what we have on the other side of the House. We do have some remarks across the House from one another once in a while that are cutting, that are political, that are not very good and I must say that we're all to blame for that. But the childish stupidity that comes from that other side of the House is something that is really to be declared.

Mr. Speaker, the polished statements that he keeps making of inaccuracies and it's too bad, Manitoba Day today says the importance of this date is in the history of this province, one of the histories of this province is today we have a tax on payrolls. Today we have one of the meanest, rottenest taxes that could ever be placed on any people. Today we have a group of people who have no understanding of business whatsoever and the Minister of Finance laughs at it. Today we have a group of people that have not changed in any way, shape or form over the years; we had, I've said this in the House before, Martin Schulman referred to Mr. Cherniak as a financial ignoramus and it has spread.

Mr. Speaker, I used to read a book in this House called "Douglas in Saskatchewan" very often and the previous Member for St. John used to call it my library. I used to give them this quite often. I must say this is the type of taxing that we are now getting in the Province of Manitoba. Let me say this, in 1944 election campaign Mr. Douglas promised the CCF Government would create new sources of income and reduce taxation. How well Mr. Douglas fulfilled this promise to reduce taxation is a matter of record in a return tabled by the government at the second session of the 1961 Legislature. The return was requested by the Liberal Opposition. The lengthy document shows the government tax shelter has existed in 1944 when the CCF came to power and it stands 17 years after. It is a picture that is not calculated to make taxpayers jump for joy. The report is a long dreary list of fees, royalties and license charges imposed by various departments of government.

Since 1944, 600 new imposts have been levied, 600 charges of one kind or another have been increased; about 400 were unchanged and 30 have been reduced. In addition, and not listed in the report, are 160 increases in court fees and 36 new ones. Now that, Mr. Speaker, shows that the NDP party-type of taxation is to run around and to find every possible little loophole; it's the same as the Federal Government, we'll find every little tax that we can, we'll put it on the people, hopefully so they don't recognize it.

Mr. Speaker, there's another one that's in this book, it says here — this is very interesting, this is like the

loaning part of it and the Member for St. James will remember this. This is in the same book just one more paragraph, I just want to read to the members opposite, "Mr. Fines kept his horn brimming by a single device of adding a new tax here and there when his spending tended to move ahead of his income. Between Budgets, while his boss busied himself on the home front flailing away at capitalism and decrying the sordid spectacles of American coupon clippings, fattening off Saskatchewan's bonded debt, Mr. Fines was appearing regularly in the money markets of Manhattan for the express purpose"

MR. DEPUTY SPEAKER: Order please. The Honourable Minister of Natural Resources on a Point of Order.

MR. MACKLING: It's common courtesy when an honourable member quotes from a document to give us the reference so that I can make a note of it and look at it some time later.

MR. JOHNSTON: I told you.

MR. MACKLING: Fine, will you do that.

MR. JOHNSTON: Mr. Speaker, if the honourable member had been listening and keeping his mouth shut for once he would have heard. I announced the name of the book and it was written by Robert Tyre -Douglas in Saskatchewan, I've said that three times. So we have the same situation of the battering away at the Americans and what have you, running down, collecting and selling bonds in United States any time they want to. But, Mr. Speaker, what has really happened is it's shown the complete incompetence of the government opposite to do anything to develop the economics of this province so that we will not have to go around plugging loopholes, so that we will not be dependent on the Federal Government from time to time, or forever, because that's the way it's going to be. You have not done anything or carried on what was laid before you to have, as projects, that will be long term in this province.

The Minister of Economic Development continually says we will have long-term projects in this province and through the complete incompetence of the Minister of Energy and Mines to negotiate or keep negotiations going properly, I will tell you that we are going to be in a bad position in the Province of Manitoba. You are not going to have income from long-term, good projects.

The Member for St. James talks about CFI and CFI is there, it's operating. They spent all the money, they put it there; there's no question about that. Mr. Speaker, the Minister of Energy is laughing and I refer him —(Interjection)— Oh, shall I read it again? Mr. Speaker, I will give him the page, if I may, I will refer him to page 3109, June 23rd, 1970, when Mr. Schreyer got up and said in this House that he had rearranged and taken care of all the payout system for CFI. Mr. Speaker

MR. DEPUTY SPEAKER: Order please. Could the honourable member be allowed to finish his remarks?

MR. JOHNSTON: . . . they were bound by the payout system they put in; they were bound by that. —(Interjections)— There had only been \$14 million paid out.

MR. DEPUTY SPEAKER: Order please, order please. Order please. If honourable members wish to carry on private conversations, would they do so outside and allow the Honourable Member for Sturgeon Creek to finish his remarks?

MR. JOHNSTON: I would wonder if the honourable member would tell me who's paying the new Leader of the NDP in Ontario at the present time.

MR. DEPUTY SPEAKER: Order please. This is time for debate, not question period. Would the honourable member finish his remarks?

MR. JOHNSTON: I said "I would wonder," I did not ask a question. —(Interjection)— No, nobody lied previously. Mr. Speaker, I am going to get back to the Budget but I'm going to say one thing, that the subject that those gentlemen just spoke about, they know nothing about. They absolutely are ignorant of the facts but it's very very usual for NDP'ers to get up and speak when they're ignorant of the facts and make documentation that is absolutely untrue and they don't care how or when they do it. The Minister of Energy and Mines is the one that has done it more since he's been in this House than any other person. He degrades this House by making a statement across the House, Mr. Speaker, that somebody had to be paid to run under the table, with money under the table. —(Interjection)— He is absolutely ignorant of the facts.

MR. DEPUTY SPEAKER: Order please. On a point of order, the Honourable Minister of Energy and Mines.

POINT OF ORDER

HON. WILSON PARASIUK (Transcona): Mr. Speaker, I was speaking from my seat when I said that and I've been accused of degrading the House. I'd like to put on record what I said so that, in fact, if he says that is degrading the House, then all that can be debated is the point of order.

The point of order is that it is not degrading to the House to point out the historical fact that the Leader of the Conservative Party was paid by a secret fund, had been asked publicly on radio if he was being paid by a secret fund. He said, no, Mr. Speaker, and then a couple of hours later retracted that statement. Now, Mr. Speaker, that is historical fact. If that is the degradation of the House, Mr. Speaker, historical facts shouldn't be a degradation of the House but rather the person who perpetrated that historical fact.

MR. DEPUTY SPEAKER: The Honourable Member for Sturgeon Creek.

MR. JOHNSTON: Mr. Speaker, my only answer to the gentleman is, he just did it again because he's completely ignorant of the facts and he doesn't know them. He has no knowledge whatsoever when he talks

about secret funds and he wanted to put it on the record and he put on the record something that he is ignorant of and knows nothing about. —(Interjection)— Absolutely. The Member for St. James is doing the same thing, typical NDP lousy, dirty tricks and he can't take it. He has absolutely no control over what's happening in the economy; he hasn't got the ability to go out and negotiate agreements of any kind. He is continually in this House and he doesn't care about the House; he isn't in it half the time.

Mr. Speaker, what you've just put on the Budget, the Minister of Finance has put five percent, approximately, on most products and services in this province. Now, he might not think so because he doesn't understand the world of commerce out there, but let me say for the members of the Free Press and the Sun —(Interjection)— fine, they can leave. Let me say it for your benefit then. The people that harvest the forests in the Province of Manitoba, their salaries will go up, will be charged the 1.5; it'll be charged to the mill that we have in Pine Falls. The people's salaries in Pine Falls will be charged, that 1.5 will be charged to the production. The trucking companies bringing it to the paper will be charging the 1.5 of those salaries. Mr. Speaker, the people's salaries in the Free Press of 1.5 will be charged.

I will tell you, Mr. Speaker, that the Minister of Finance laughs and he doesn't believe this, but if he knew anything about commerce at all or anybody over there knew anything about commerce at all, the multiplying effect of his 1.5 is going to be 5 or over on products within this province on everything. Mr. Speaker, well you know; I don't know of anybody that isn't going to pass the cost on. I don't know of the grocery stores. I don't know of a municipality that won't have to raise the price of swimming for kids. —(Interjection)— Wait a minute, now. Well, Mr. Speaker, if they don't, they are going to have to get more money from the taxpayers. They laugh over there and they think it's funny. They have just put a tax on all people of Manitoba that is going to hurt them like you wouldn't believe and you have started something.

This will be the Minister of Finance that will have started having a tax on payroll in this province. This will be the Minister that stands up and says, well I'm not doing it to the municipalities and what have you until 1983, but he's going to do it. Once it goes on, it will be on for a very long time, \$70 million. Mr. Speaker, there was no need for any taxes if he would have sat down, taken a look at his overall Budget and actually without cutting services whatsoever, he could have done it.

Mr. Speaker, I know what they did with that Budget. I know what the bureaucrats present to a new Minister right off the bat. They plotted all hook, line and sinker and they didn't really sit down and do anything of any nature in any way, shape or form. Mr. Speaker, —(Interjection)— oh I think I heard from the Member for Inkster. He's that other one that caught the disease of financial ignoramus. He's caught it too. You know, the other day I had a very good friend of mine in the House and came down to see me after and said to me, how in the world could that person ever defeat Sid Green? —(Interjection)— Not according to very reputable people in this province. Most of them think it was

a disaster that the change was made.

Mr. Speaker, they absolutely don't care what they've done to the taxpayers of the Province of Manitoba and they don't care that they haven't been able to have a Minister of Energy to carry on the negotiations to have long-term projects in this province. I can tell you this, that you see the inaccuracies of the Minister of Energy when he stands up in the House and says that the previous government didn't care or didn't have anything to say about where the Alcan refinery would go. There is nothing further from the truth, Mr. Speaker. See, Mr. Speaker, he laughs when he knows he didn't tell the truth. The Alcan people travelled this whole province. They had presentations from municipalities all across this province. They had presentations from people who had the proper formation that is required for that plant to be sitting on. They came to the Provincial Government and they said, we have six places that we would like to go. We said to them, well those six places, we don't have any objection to them. We have had presentations from all of the communities and we think that if you have decided one of the six, that you go back to your Board of Directors because we don't have any objection of the six. They came back and they said, Balmoral.

Now, I want the Minister of Energy in that government to tell the people of the Interlake, who the Federal Government said that the ARDA Agreement was an area of Manitoba that needed economic development more than any other part of Manitoba except the North — and they're not going North, it's not feasible — but the Federal Government would put ARDA money in there by the carload. I want that Minister to tell the people of Balmoral that it isn't going there. And when he tells them that, he'd better tell the people of Portage la Prairie that made representation that they shouldn't have it, tell the people of East Selkirk that they shouldn't have it, tell them all and he, as the great dictator and negotiator, will now come forward and say where you're going. And dictator, you know, a Minister who gets mad because a company advertises; he won't talk to them anymore. —(Interjection)— Well, Mr. Speaker, I haven't heard any talking. The Minister is completely incapable of negotiating that agreement because he wants to look good. Mr. Speaker, now that we have —(Interjection)— I heard another comment from the Member for Dauphin. I won't repeat it, Mr. Speaker, but it's typical. Mr. Speaker, the —(Interjection)— yes, the Budget that we have been speaking of.

What are you going to do? You talked about \$20 million from the Liquor Commission. Mr. Speaker, I would say that you will probably have to have about a 35 percent increase with the increase in the product that probably will come about, that you will have a reduction in purchases and that means we are going to have to have a higher increase in the tax to get the same amount of money and that's basically what he's doing. On chilliburgers, I will be paying tax now; I didn't used to, but I will be paying the indirect tax that the place where I buy them from will charge because they have to add on the 1.5 percent hidden payroll tax. You see, that's food; people that eat food in this province now are going to be taxed. —(Interjection)— Well, Mr. Speaker, I would sincerely hope that the

young man across the way has the relationship I have in my family that I can do the things I do, but with his attitude, I doubt that he ever will.

Mr. Speaker, as I said, the recreation of children will either have to be increased or the municipality has to put in more money. And it won't just be an increase of 1.5 percent, that's what the Member doesn't understand. Well, it's on lawyers now, it's on all of the others and he keeps giving these examples that he has in this book, the examples that he gives are close to being ridiculous. He says a bank \$500,000, annual compensation costs \$55,000 in a bank, two people or three people working; must be a small bank. 2 percent sales tax, nil - I guess they didn't pay any tax when they bought their typewriters, their desks and everything that went with it, they didn't pay any tax then. Of course the member didn't take that into consideration. Now he says that they're going to pay \$825 in tax. Well that's true but the people that work there are also going to pay a hidden tax on the food that they buy and their children, when they go to their recreation, are going to pay more tax. When the people go out on a Sunday afternoon and have to pay an increased cost when they're out with their family and it's on, it's there and it's on and it's all over. There's nobody exempt.

Clothing, Mr. Speaker, clothing that was exempt, and the Minister gives an example today in his book of the needle trades. Do you realize what this will do to the needle trades in the Province of Manitoba regardless of what he's got in his book. I happen to have had some conversation with some of them already because they didn't, they just went out and said that this is the way it has to be. They didn't even take into consideration that the 1.5, when it's multiplied, will probably be a 5 percent increase on clothing to the people in this province and it will. He says, Mr. Speaker, I quote the Minister, he says, "that's stupid." I will tell you, Mr. Speaker, that he will eat those words because the cost of the product will have to go up and the costs of the export people in this province in the needle trades will have to go up. We export 20 percent of the fashion goods that are made in Canada out of the Province of Manitoba and you are now going to lead them into a non-competitive position.

Mr. Speaker, and I know I only have about two minutes left, let me say this, that if I am an employer, Mr. Speaker, I quote again, the Ministers said "I hope I come close to the truth" and he will eat those words. Mr. Speaker, if I was an employer and I had to pay 1.5 of my employees salaries to the government and, even if I get a quarter of it back, I'm paying three-quarters. Is that not a disincentive to hire people? The fact that I have to pay three-quarters of the 1.5 out of the profits of my company, is it not a disincentive to hire people. The pass on of the cost is impossible at the present time when we're in the economic situation that this Minister says we're in and he says we're at the worst economic times we've ever had and you turn around and you tell a manufacturer today, tell a person in the service business that he can increase costs today. So now you have a disincentive to hire because you've got a terrible market. The people on the fringe area will either lose their jobs. The person that owns the business will have to say if I can't raise prices then the fringe people in my business may be one has to go because I can't afford it, and you know the bankrupt-

cies are such that they're coming every day.

The previous Member for Inkster, when he said you should have taxed bankruptcies and you would have probably made more money, wasn't just whistling Dixie because I will tell you you have got a disincentive to hire and you've got a situation where the person can't afford it so he's either going to cut staff if he can't raise his prices or he'll go broke.

So go back to your constituents and tell them what you did and, as I say, this is Manitoba Day, it's the first day and I'll tell you you're the Minister that put the first payroll tax on in this province which is probably the worst type of tax anybody could put on anywhere.

MR. DEPUTY SPEAKER: Order please. The member's time has expired.

The Honourable Minister of Finance.

MR. SCHROEDER: The member has stated that this tax will increase the cost of goods by . . .

MR. DEPUTY SPEAKER: Order please.

MR. SCHROEDER: I understand that he was prepared to submit to a question.

MR. JOHNSTON: I said I shall.

MR. DEPUTY SPEAKER: The Honourable Member for Virden on a Point of Order. I believe the Honourable Minister indicated that he would like to ask the Member for Sturgeon Creek a question, with the leave of the House he may do so. Does the Minister have leave. (Agreed)

The Honourable Minister of Finance.

MR. SCHROEDER: Mr. Speaker, I appreciate the indulgence of the opposition in allowing me to ask this question. The member has stated that this tax in some way will increase the price of some goods in this province by more than 5 percent. In view of the fact that in Quebec this particular tax is at 3 percent and, in view of the fact, that for employees in the Province of Ontario, where the employer pays the Medicare premium and where those employees are receiving something like \$12,000 a year, the employer is paying 4 percent rather than the 3 percent in Quebec and 1.5 percent in Manitoba, can he tell the House then that in Quebec prices are 10 percent higher than in Manitoba before sales tax and that the prices in Ontario are even more, about 12 percent or 13 percent higher than they are in Manitoba?

MR. JOHNSTON: Mr. Speaker, the Minister has now admitted how he happened to do his Budget when he compares Manitoba to Quebec and Ontario. With the total population, the total production, the totals that are going on and the volume in the Province of Ontario and Quebec versus Manitoba, he has just made it very clear and very obvious that he did not, as this government says, go out sincerely and investigate before they make a decision. He just demonstrated that he didn't. You cannot compare.

A MEMBER: Answer the question.

MR. JOHNSTON: Yes, the question that I was asked, in Manitoba your mushroom affect can put and will put many products up at least 5 percent.

MR. DEPUTY SPEAKER: The Honourable Minister of Economic Development:

MRS. MURIEL SMITH (Osborne): Mr. Speaker, I move the debate be now adjourned, seconded by the Member for Concordia.

MOTION presented and carried.

MR. DEPUTY SPEAKER: The Honourable Minister of Natural Resources.

MR. MACKLING: Mr. Speaker, I think it is understood, by agreement, rather than go into Private Members' Hour for 10 minutes, by leave, I move that this House do now adjourn. We'll call it 5:30 and this House do now adjourn. Apparently there is an announcement.

MR. DEPUTY SPEAKER: The Honourable Member for Thompson.

COMMITTEE CHANGE

MR. ASHTON: Mr. Speaker, I would like to have the change on the Public Utilities Committee rescinded because the Minister of Agriculture was not, in fact, a member of that committee, by leave, that change, Mr. Speaker.

MR. DEPUTY SPEAKER: Is the change to the Public Utilities Committee agreed? (Agreed)

MR. MACKLING: By leave, Mr. Speaker, we will call it 5:30 and this House will now adjourn.

MOTION presented and carried and the House adjourned and stands adjourned until 2:00 p.m. tomorrow. (Thursday)