



Third Session — Thirty-Second Legislature
of the
Legislative Assembly of Manitoba

DEBATES
and
PROCEEDINGS

33 Elizabeth II

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Speaker*



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Second Legislature

Members, Constituencies and Political Affiliation

| Name | Constituency | Party |
|--------------------------------------|--------------------|-------|
| ADAM, Hon. A.R. (Pete) | Ste. Rose | NDP |
| ANSTETT, Hon. Andy | Springfield | NDP |
| ASHTON, Steve | Thompson | NDP |
| BANMAN, Robert (Bob) | La Verendrye | PC |
| BLAKE, David R. (Dave) | Minnedosa | PC |
| BROWN, Arnold | Rhineland | PC |
| BUCKLASCHUK, Hon. John M. | Gimli | NDP |
| CARROLL, Q.C., Henry N. | Brandon West | IND |
| CORRIN, Q.C., Brian | Ellice | NDP |
| COWAN, Hon. Jay | Churchill | NDP |
| DESJARDINS, Hon. Laurent | St. Boniface | NDP |
| DODICK, Doreen | Riel | NDP |
| DOERN, Russell | Elmwood | IND |
| DOLIN, Hon. Mary Beth | Kildonan | NDP |
| DOWNEY, James E. | Arthur | PC |
| DRIEDGER, Albert | Emerson | PC |
| ENNS, Harry | Lakeside | PC |
| EVANS, Hon. Leonard S. | Brandon East | NDP |
| EYLER, Phil | River East | NDP |
| FILMON, Gary | Tuxedo | PC |
| FOX, Peter | Concordia | NDP |
| GOURLAY, D.M. (Doug) | Swan River | PC |
| GRAHAM, Harry | Virten | PC |
| HAMMOND, Gerrie | Kirkfield Park | PC |
| HARAPIAK, Harry M. | The Pas | NDP |
| HARPER, Elijah | Rupertsland | NDP |
| HEMPHILL, Hon. Maureen | Logan | NDP |
| HYDE, Lloyd | Portage la Prairie | PC |
| JOHNSTON, J. Frank | Sturgeon Creek | PC |
| KOSTYRA, Hon. Eugene | Seven Oaks | NDP |
| KOVNATS, Abe | Niakwa | PC |
| LECUYER, Hon. Gérard | Radisson | NDP |
| LYON, Q.C., Hon. Sterling | Charleswood | PC |
| MACKLING, Q.C., Hon. Al | St. James | NDP |
| MALINOWSKI, Donald M. | St. Johns | NDP |
| MANNES, Clayton | Morris | PC |
| McKENZIE, J. Wally | Roblin-Russell | PC |
| MERCIER, Q.C., G.W.J. (Gerry) | St. Norbert | PC |
| NORDMAN, Rurik (Ric) | Assiniboia | PC |
| OLESON, Charlotte | Gladstone | PC |
| ORCHARD, Donald | Pembina | PC |
| PAWLEY, Q.C., Hon. Howard R. | Selkirk | NDP |
| PARASIUK, Hon. Wilson | Transcona | NDP |
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| PHILLIPS, Myrna A. | Wolseley | NDP |
| PLOHMAN, Hon. John | Dauphin | NDP |
| RANSOM, A. Brian | Turtle Mountain | PC |
| SANTOS, Conrad | Burrows | NDP |
| SCHROEDER, Hon. Vic | Rossmere | NDP |
| SCOTT, Don | Inkster | NDP |
| SHERMAN, L.R. (Bud) | Fort Garry | PC |
| SMITH, Hon. Muriel | Osborne | NDP |
| STEEN, Warren | River Heights | PC |
| STORIE, Hon. Jerry T. | Flin Flon | NDP |
| URUSKI, Hon. Bill | Interlake | NDP |
| USKIW, Hon. Samuel | Lac du Bonnet | NDP |
| WALDING, Hon. D. James | St. Vital | NDP |

LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, 4 May, 1984.

Time — 10:00 a.m.

OPENING PRAYER by Mr. Speaker.

MR. SPEAKER, Hon. J. Walding: Presenting Petitions . . . Reading and Receiving Petitions . . . Presenting Reports by Standing and Special Committees . . .

MINISTERIAL STATEMENTS AND TABLING OF REPORTS

MR. SPEAKER: The Honourable Minister of Natural Resources.

HON. A. MACKLING: Mr. Speaker, I want to table the Annual Report of the Department of Natural Resources for the fiscal year 1982-83.

While I am on my feet, Mr. Speaker, I have a statement.

MR. SPEAKER: Order please. The Honourable Minister.

HON. A. MACKLING: Mr. Speaker, I would like to announce that next week Manitobans will be celebrating Forestry Week.

As you know, Manitoba's provincial forests play a very important role in the province's economy. However, we now realize that our demands on forest resources are pushing its renewal capacity to the limit and action must be taken to prevent serious deterioration of our forests. We took a giant step forward in June of last year when the Clearwater Forest Nursery in The Pas was opened officially by my colleague, the Honourable Harry Harapiak. This year, we will produce one million black spruce and 200,000 jack pine seedlings.

More recently, in March of this year, my department and the Canadian Forestry Service signed a five-year forest renewal agreement. Not only is this another positive step forward toward replenishing our province's harvestable timber supply, but the agreement provides for improved technology for forest fire detection and funding for forest research programs.

What each of you has before you is a young Colorado spruce. The young growing tree symbolized the 1984 Forestry Week theme of "Growing Together."

MR. SPEAKER: The Honourable Member for Emerson.

MR. A. DRIEDGER: Thank you, Mr. Speaker. We welcome the announcement, first of all, and I would like to thank the Minister for the trees that we have with us here today. I guess the Minister knows that reforestation has been a priority for a long time. We hope with the agreement that the Minister has signed with his federal counterparts, this thing can be expanded to the point where it is required because our forest supplies have been depleted over the years. I think it is very necessary that a good program be instigated, and we certainly support that aspect of it.

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

INTRODUCTION OF GUESTS

MR. SPEAKER: Before Oral Questions, may I direct the attention of honourable members to the gallery.

We have 31 students of Grade 9 from the Earl Haig Jr. High School under the direction of Mr. Hyrsak. The school is in the constituency of the Honourable Minister of Employment Services.

There are 50 students of Grade 7 standing from the Kleefeld School under the direction of Mrs. Weber. The school is in the constituency of the Honourable Member for La Verendrye.

On behalf of all of the members, I welcome you here this morning.

ORAL QUESTIONS

Ice storm - clean-up costs

MR. SPEAKER: The Honourable Member for Pembina.

MR. D. ORCHARD: Thank you, Mr. Speaker. Yesterday the Minister of Government Services undertook to contact his staff to see whether they could confirm conversations with municipal officials in the Towns of Morden and Carman and other communities affected by the recent ice storm and the government's participation in compensation for storm damages. Could the Minister provide that information?

MR. SPEAKER: The Honourable Minister of Government Services.

HON. A. ADAM: Yes, thank you, Mr. Speaker. I can confirm that my staff is undertaking to find out from those communities that have been in the path of the storm and to ascertain if there has been any damage first of all - if there has been any damage - and to what extent the damage was caused by the storm.

In reference to the member's question yesterday in which he indicated that the Director of EMO had made some commitments to provide assistance, I can assure the member that that is not correct, as I indicated yesterday I didn't think it was. It is not the role of the EMO Director to ascertain the amounts of damage, but rather the Manitoba Disaster Assistance Board that makes that assessment.

I understand that the Director of EMO was in conversation with the Town of Morden and the Town of Carman and he indicated to them that they should submit their requests to the Minister and that they would be dealt with in the usual manner, and that's what I indicated yesterday.

ORDERS OF THE DAY BUDGET DEBATE

MR. SPEAKER: On the proposed motion of the Honourable Minister of Finance and the amendment thereto proposed by the Honourable Leader of the Opposition, the Honourable Minister of Finance.

A MEMBER: You've got your work cut out for you.

HON. V. SCHROEDER: Thank you, Mr. Speaker. Last evening I had just begun. I was talking about the research capacity of the Leader of the Opposition - it's always in day-old newspapers or second-hand, some hearsay information and that sort of thing - and the whole notion of a Conservative Party has really gone out the door. We now have a fun party or a party party that talks about eliminating taxes.

The Leader of the Opposition talked about eliminating about \$140 million worth of taxes the other day without one single word about where he would replace that money. At the same time he talked about the fact that we had been too tough in terms of our spending estimates for the coming year. He said we should have provided more funding for agriculture, more funding for highways, more funding for all kinds of government departments, so he was going to balloon the deficit on that account as well, Mr. Speaker.

In further response to the question of the Member for Pembina, Mr. Speaker. You remember back in 1979 when we had the flood, and we had the Disaster Assistance Board under the jurisdiction of that government and this is the document they prepared as a result of it. It's beautiful, isn't it. White, red and blue, the nice Tory colors; blank pages there; they didn't have much to tell about what they had done. Another blank page with three nice pictures. There they've got a typical scene during the flood. They've got people . . .

SOME HONOURABLE MEMBERS: Oh, oh!

HON. V. SCHROEDER: . . . They flooded Southern Manitoba, Mr. Speaker, with this document and then have had the gall, the gall to talk about our government's advertising as though we're doing something. Just an incredible bunch. All Manitobans remember the ads they were running during the summer of 1981 with respect to, "You're sitting on a gold mine," and that kind of thing. The hypocritical ads that they ran at that time.

Now, Mr. Speaker, the other night the Leader of the Opposition stood up, gave a lengthy speech in which he made so many incorrect statements that it's going to take me quite some time to put the other side on the table, but I will do that.

He said, Mr. Speaker, our spending levels are in excess of other jurisdictions. That is false.

He said our increase in our first year in spending over the last Tory year was 19 percent. That is incorrect. The actual amount over actual expenditures was 17.2 percent.

He said our increase in our second year was 18 percent. That is false. Our actual increase overspending the year before was 14.7 percent.

He said that we added 500 political support staff to our staff, "Party Faithful," he said. That is wrong. I

would challenge him to support that with any kind of evidence, just as the Minister of Industry Trade and Technology challenged him the other day, Mr. Speaker, to stand up and name the Minister whom he accused of hand-picking people to be fired out of departments. He has not done that, and I dare say he will not do this.

Do you know, I thought maybe there was something different about the way we were handling our staffing than what had happened under the previous government so I went to my department, Mr. Speaker, and I asked my staff people whether the previous Minister of Finance had political staff and I was told yes. There's a fellow by the name of Mr. McCance. He was in as an S.Q.2, Senior Officer 2, drawing in those days \$47,000 a year - \$47,000 a year. He was the special assistant to the Minister in charge of the Treasury Board. That was pretty nice.

Then we had another position, Mr. Speaker, in the Department of Finance, which didn't show as an employee. Conservatives want to, sort of, not have too many employees, so what they had instead of an employee was a corporation. Ah, yes, that's the way to hide.

Now I have two assistants. I have a special assistant and an executive assistant. They are named, they are public, they know they are New Democrats, just like the ones on the other side were Tory, and that's appropriate. I show two staff positions, they showed one.

Now, Mr. Speaker, they had to make the payment just as we did but they were making a payment to a corporation.

HON. R. PENNER: Was it a numbered corporation?

HON. V. SCHROEDER: Now, Mr. Speaker, in addition to that, there was another staff person who was an executive assistant who was there on a part-time basis, a Ms. Cook. As well, for a part of the time the previous Minister of Finance was the Minister, he had Annis Shaddy, whom we all know, as an executive assistant - nothing wrong with that. But my goodness, here they are trying to suggest that somehow we're doing something wrong when we have political staff, when we have staff doing something and, Mr. Speaker, I would say doing something useful.

We've had the Member for Sturgeon Creek mumbling about the fact that I am out in the communities meeting with people, consulting and so on and saying, when are you in your office. He's been asking those kinds of questions. Mr. Speaker, my political staff are the people who arrange for those meetings, make sure that all of the accommodations are arrived at and so on. They do a lot of work for the taxpayers of Manitoba. I believe the taxpayers are well served by them.

HON. R. PENNER: E.A.s help the Ministers look after their constituents.

HON. V. SCHROEDER: Of course, as the Attorney-General points out, these people do assist us in looking after the problems of our constituents when we are on government business. People recognize on both sides of the House, surely, that the purpose of political assistants, partially as well, is to look after those

problems that otherwise would have been looked after by your MLA, but your particular MLA happens to be a member of the Cabinet.

Now the Leader of the Opposition said we're laying people off, and he's talking about specific departments. Now, Mr. Speaker, that is a complete inaccuracy. We are not laying people off. We entered into an agreement, posted two years ago, under which we signed a document with our employees saying we would not lay them off. We are coming toward the end of that agreement. We have already contacted the MGEA and told them that we are prepared to enter into another contract where we will have a similar clause so we don't have to lay anybody off.

The MGEA, the public, and the government recognize that those kinds of provisions cost money. It's like insurance. If you want to buy insurance for a whole group of people against any layoffs, that costs the government money. In order to make up for that money, we can discuss other benefits such as salaries. We have done that and we are prepared to do that again. I believe the union is prepared to do that again. So it is a complete inaccuracy to say that we are laying people off.

That is contrary to what is happening in British Columbia; that is contrary to what is happening in Alberta; that is contrary to what is happening in other provinces in this country. For the Leader of the Opposition to have suggested, as he did the other night, that somehow we were doing something that was worse than B.C., because nobody in B.C. with more than three years seniority got laid off, is a patent absurdity.

He said we already have the highest levels of taxation of any jurisdiction in the country. He was wrong. I'll go into that in some detail. He referred to taxation by this government making Inco uncompetitive — (Interjection) — that's right. Well, Mr. Speaker, payroll costs in Ontario, imposed by the Ontario Government on Inco today, are 80 percent higher than they are in Manitoba - 80 percent. And I'll get into detail on that.

HON. R. PENNER: And Inco is closing down in Ontario, aren't they, some of their operations?

HON. V. SCHROEDER: Mr. Speaker, he totally abused employment and unemployment statistics, distorting numbers to try to hide the state of the economy when they left office, and the improvements made since the depth of the recession. He has refused to accept the challenge again, of the Minister of Industry, Trade and Technology, for him to name the Ministers he accuses of hand-picking people for elimination. And, Mr. Speaker, on other occasions he stood up in this House and he's said, for instance - just dealing with some of the inaccuracies - that John McCallum is not a member of their party.

I have a document here entitled, "Prospects Commentary," and it's put out by the Federal Progressive Conservatives. It refers to Mr. McCallum as one of six people appointed to Opposition Leader Brian Mulroney's Council of Economic Advisors. Well, maybe he's not a member of the party, but it goes on and it says, "The Manitoba Campaign Cabinet," and it says, "Provincial Campaign Chairman, Gordon Pollock, is pleased to announce the following

appointments to it." He says, "These committee directors have begun their work," and he names John McCallum, Policy Advisory Chairman.

This wasn't some guy, or some fuzzy egghead or something, out of university who might have some time in the past voted Tory. This is the guy who is the Policy Advisory Chairman to the Progressive Conservative Party.

Mr. Speaker, he stood up the other day and he said, no member of his caucus had referred to a sales tax as opposed to a health and education levy. He suggested that I had taken great delight in remarks written right into the script on Budget night, gloating over statements or suggestions made by Conservatives in debate last year, ridiculing members opposite in the Budget text. That is patently incorrect. I never once made a comment about one member opposite without that member first speaking to me during my speech; and if I'm not entitled to reply to some of the nonsense that was uttered by those people during that speech, then I think we'd better take a look at our rules again.

Now, back to the sales tax versus the levy; and again, he suggested that no member of his caucus had ever said a 2 percent sales tax increase would be preferable. But his Deputy Leader is on record in this Chamber as saying, "What is the point of offering positive, constructive suggestions when they are so blinded by their own commitment to their own course of ideology and action that they won't listen? The biggest, most productive, most positive step they could take, Mr. Speaker, would be to eliminate the payroll tax. The gutsiest, most courageous thing they could have done would have been to have bitten the bullet last year, to have increased the sales tax by at least two points," - by at least two points - that was their Deputy Leader, and John McCallum, their chief economic policy advisor was telling people two or three points was at least what we should be doing.

When we say that's the Conservative's policy, their Deputy Leader making the statement on the record in the House, their chief economic policy advisor making the statement on the record outside of the House. Members of theirs in this Chamber, I believe, still, most of them would prefer that to the health and education levy; I think they're wrong but I think they would prefer that. When we say that that's their policy, he suggests that we are inaccurate. What a bunch of phonies.

Mr. Speaker, other than those comments of the Leader of the Fun Party, the party-party now, he made no suggestions for alternatives to the health and education levy. He said, oh no, we're not going to have the sales tax, that's not our policy; but your deficit is too large, your spending's out of control, but you're not spending enough on agriculture, on co-op development, on education, on universities, etc., etc., on highways.

A MEMBER: He wants it both ways, Vic.

HON. V. SCHROEDER: Of course, he wants it both ways. You know, Mr. Speaker, last year, from that same bunch, we had the Member for Swan River standing up and saying, oh the government has said they're going to get revenue increases of 15.6 percent. That will never happen. If that happens, we will have a

complete recovery. Those were his words, Mr. Speaker, a complete recovery. We got 15.6 percent. We got more than 15.6 percent.

Are they now saying, oh, we were wrong? It is not an economic wasteland like the Member for Charleswood said. It's not like the Leader of the Opposition said last year that there would be a recovery in North America but not in Manitoba because of our policies. Have they stood up during this Budget Debate and said, you know, we were wrong last year? You guys have the best unemployment rate in the country. We didn't expect that last year.

We didn't expect last year that a year later as a result of your Budget, we would see senior economic people in this province getting up publicly and saying that the investment climate in this province had not been better in many years. You didn't expect that last year, but you're not prepared to stand up honestly and openly and say you were wrong. Again, no alternative policy.

It is so easy, Mr. Speaker, to say eliminate the health and education levy; eliminate the tax on production equipment; criticize the tax on tobacco, do all those kinds of things - and not come up with any alternative. Anybody can do that, Mr. Speaker, and it's clearly demonstrated that anybody just did it.

Now of course, since the Leader's speech, we have had the Member for River Heights stand up and say, I believe with more integrity, that there are choices that have to be made. He said, I would prefer us in Manitoba to have a 7 percent sales tax and not have a payroll tax. That's what he said. At least, he's going for that \$108 million, he'll get 60 million back. He still hasn't explained where he would get the other 48 million, but at least he's prepared to say that if you eliminate something you've got to get the money somewhere else.

I believe the people of Manitoba have a right to know what the Tories would do as an alternative. I read last night to you some portions of the speech of last year, when the Member for Fort Garry told the people of Manitoba last year that our government was following the wrong economic policies; that we should tell the people of Manitoba to bite the bullet; that we should cut back on spending; that this is what would get us out of the recession. Mr. Speaker, at least there was something last year in terms of alternatives. This year with the new leadership, with the fun party, there is nothing. There is absolutely nothing other than more spending, less taxes and lowering the deficit.

I'm sure the Member for Morris and the Member for Turtle Mountain cringe when they think about the kinds of speeches that are being given by the leadership in this party today. They are not researched. They have very little to do with the facts and they are totally illogical in terms of the economic future of this province.

Again I say, we have the right to know what the Tories would do as the alternative to the taxes that we have. Again, I seem to be getting more messages here than

INTRODUCTION OF GUESTS

MR. SPEAKER: Order please.

With the Honourable Minister's indulgence, may I direct the attention of the members to the gallery.

We have 15 students of Grade 6 standing from the St. Malo Elementary School under the direction of Sister Alarie. The school is in the constituency of the Honourable Member for Emerson.

On behalf of all the members, I welcome you here this morning.

The Honourable Minister.

BUDGET DEBATE Cont'd.

HON. V. SCHROEDER: Well again, Mr. Speaker, after criticizing the government for being too tough in curtailing spending, the Leader of the Opposition went on to say in his speech, that very same speech, that he would cut expenditures but he didn't say what. What would he cut just to make up for the health and education levy, he wouldn't say what. He again says, he'll spend more for agriculture, more for education, more for roads, more for northern transportation, more for industry, more for energy, more for natural resources, more for co-operative development. We would like to do all of those things, too.

I suppose it's easy to be the fun party when you're sitting on that side and talk about more spending, the party-party, we don't have to worry about where it comes from. Maybe they've adopted some social credit philosophy and they've found a printing press to make their money, I don't know, but I think they should tell us. Mr. Speaker, — (Interjection) — those were the left wingers in those days.

The Leader of the Opposition referred to the sales tax on production equipment and said he would eliminate that - that's a \$25 million item - and I think that he would have some credibility in making that argument if they had moved toward eliminating it when they were in office. He had two years - he didn't have four years, he was elected the same time I was in 1979 - he had two years in government to eliminate it. The Lyon Government had four years to eliminate it, they didn't do that.

It seems to me when you start adding up his totals for increases in spending, decreases in taxes, that we finally come to the solution for how we get to the \$750 to \$800 million deficit they were telling us we were going to have last year. I think that's why his colleagues, who I believe are more realistic and probably better able to add, have realized that a 2 or 3 percent increase in the sales tax would indeed be required if the levy was removed. There's just no doubt about that.

Now I said earlier I was going to deal a little bit with the comment of the Leader of the Opposition when he suggested that our government was "spending in excess of the kinds of levels that were being put forward in budgets throughout this country by every provincial government and even the Federal Government." Our spending level being higher. Mr. Speaker, that statement again is not consistent with the facts. For last year, Manitoba's budgeted per capita spending, per person, for every man woman and child, we spent \$3,018.00.

How about Saskatchewan - they're rich next door, very similar conditions? They spent not much more but they spent \$3,070 per person, but that certainly is higher than Manitoba's. Alberta - well, in Alberta it was over \$4,000 but they're richer and we understand that. But that means that we are not at the highest spending

levels. Quebec is probably in similar economic circumstances. They spent last year \$3,729 per person, about \$700 per year per person more than the Government of Manitoba spent. New Brunswick was at \$3,708 per person. Is that lower than \$3,018.00? Nova Scotia spent \$3,306 per person last year. Is that lower than Manitoba's \$3,018 level last year?

I've just listed some of the provinces with budgeted spending on a per capita basis last year above Manitoba's. But the Leader of the Opposition claims we were spending in excess of the kinds of levels being put forward by every provincial government throughout this country.

In fact, I could mention Prince Edward Island which is spending at \$3,477 or Newfoundland at \$3,656 per person. Again, ahead of Manitoba.

The all-province average indeed was about 8.2 percent - 8.2 percent - above what Manitoba spent on a per capita basis and yet the Leader of the Opposition persists in his assertions that our spending is at a level above that of every other province in Canada.

Again, Mr. Speaker, the second sentence did not say that he had misspoken when he talked about spending levels. He talked about spending . . . — (Interjection) — It did not talk about levels of increase, it talked about spending levels. If you want to start talking about spending increases we'll get into that, because mixed with the hyperbole on spending levels, the Leader of the Opposition, perhaps unknowingly, did carve out, perhaps knowingly, a fall-back position. If we're not the highest in the land in terms of spending, he started talking about spending increased rates that were excessive.

Mr. Speaker, I defy him to name any year in this administration when spending growth hit the 19 percent, or the 18 percent he used consistently, in his remarks. In fact, for each year in our administration the spending growth rate has been less than the 18.2 percent growth rate recorded by the Conservatives in their last year in office, but does he talk about that? Oh no, no, because we've got to remember that that was the election year; that was part of the Tory Tango, the three steps backward and one step forward, that was what that was.

Mr. Speaker, surely every Manitoban would find his or her credibility stretched beyond belief to accept Conservative suggestions that our spending has been excessive when after three years of allegedly excessive spending growth, Manitoba's per capita spending still ranks lower than the all-province average and among the lowest of all of the provinces in this country.

I want to deal a little bit with the levy for health and post-secondary education. The Leader of the Opposition and his colleagues, I believe, exhibit a profound misunderstanding of the reasons why the levy was introduced and on Manitoba's economic performance since the implementation of that tax. Most Manitobans know that the levy was introduced in 1982 to secure replacement revenue for massive cutbacks in federal support. At 1.5 percent, the levy is significantly lower than employer contributions under Unemployment Insurance and Canada Pension Plan and it is used for similarly important purposes.

Just as an example, the levy is at 1.5 percent; the UIC contribution between employer and employee are at over 5 percent of payroll, just that one item, then

you have CPP and Workers Comp. and so on; a relatively small proportion of the costs of employers and employees. It's recognized that employers have an obligation to contribute toward Unemployment Insurance for people who might be out of work, even though a particular employer may not have laid off anybody in the last 20 years, they still have to make that payment.

It is also surely recognized that we all have some responsibility for the payment of the health and education of our citizenry, especially and specifically, our workers. The levy represents about 1/67 of remuneration payments. It is less than 1/16 of the increase in the average industrial wage in the last three years, less than 1/16 of the increase. It secures resources equivalent to less than 7 percent of overall provincial health and education costs, less than 7 percent of the total costs are derived from the health and education levy.

In other provinces, employers, more particularly larger employers, pay health premiums on behalf of their employees, based on current family health premium rates. Manitoba's levy, at 1.5 percent, represents a smaller share of remuneration than Alberta's premiums which are at 1.68 percent, British Columbia's at 1.92 percent and Ontario's at 3.40 percent at employee compensation levels of \$20,000.00. That's a \$20,000 increase, which is about 6.2 percent above Manitoba's average industrial wage. It is one-half the rate currently applicable in the Province of Quebec. In other words, the levy entails lower costs for employers than the systems currently in place in four other provinces. It is quite competitive.

I should perhaps add, Mr. Speaker, that as the study of operating costs released in November of 1982 confirmed, overall costs to private employers in Winnipeg including the levy, rank lowest of the eight major cities examined, again demonstrating the competitive edge available to Manitoba business. I believe that kind of moderate and competitive bottom line result is a more important indicator of the cost advantages available in the Province of Manitoba.

The Leader of the Opposition raised concern regarding the possible impact of Unemployment Insurance, Canada Pension Plan, Workers Compensation and the levy for health and post-secondary education, on the competitive position of Inco in Thompson. He calculated the cost of those four items at \$2,200 per staff-person year in Inco's Manitoba mining operations, and I don't disagree with that calculation. But he went on to suggest that in Manitoba, charges facing Inco are somehow out of line with those facing Inco in Ontario.

Well, let's look at the numbers. — (Interjection) — Mr. Speaker, The Leader of the Opposition mentioned our competitive position. Inco has plants in Ontario and in Manitoba, and as the Leader of the Opposition ought to know, Inco has recently announced a shutdown in Ontario and a move to Manitoba. Let's take a look at why.

In Ontario, Unemployment Insurance is, of course, the same as it is in Manitoba. So is CPP. How about Workers Compensation? Workers Compensation, which that group over there keeps hollering about, screaming about, pretending that somehow there's something wrong with our system - what do they pay in Ontario

- \$2,325.05 for an employee in Ontario at Inco, \$2,325.05. What does Inco pay in Manitoba? In 1984, \$733.60. There are the people talking about payroll costs and competitiveness. My goodness!

Now, Mr. Speaker, what's paid over there for the health care premium - \$680 per year.

A MEMBER: Where's that?

HON. V. SCHROEDER: In Ontario, \$680 per year. In Manitoba, the health and education levy assuming a \$30,000 a year average wage at the mines, which is about the average, \$450, another \$230 saving for the Province of Manitoba. And they somehow have the audacity to say that we are out of line with other provinces. How dare they?

I want to repeat that, Mr. Speaker, on Workers Compensation, \$2,325.05 in Ontario, \$733.60 in Manitoba; the levy or premium \$680 in Ontario, \$450 in Manitoba — (Interjection) — It looks like Gary's dad's up there.

Now, Mr. Speaker, I would ask the Leader of the Opposition, in all honesty, whether he would agree that the current charges in Manitoba do not offer Inco a more competitive environment than the 80 percent higher charges in Ontario. We do compete with Ontario. Now, the Leader of the Opposition is trying to make the case that somehow it doesn't count because Inco doesn't compete with itself. Inco makes decisions about where it locates a refinery based on costs. It has made the decision to come to Manitoba, okay? — (Interjection) — Oh, you obviously are not aware of the most recent announcement with respect to the closure at Port Colborne and the consolidation in Thompson.

What he does not want to acknowledge is that on the one hand, he keeps arguing that we're not competitive. He said we have the highest levels of taxation of almost any jurisdiction in this country, and he says that makes us uncompetitive. If that was the case, I would agree with him that would make us uncompetitive, but when I point out to him that our costs are considerably lower here than in Ontario, he says, oh, that doesn't count. It doesn't mean anything that people pay three times as much for Workers Compensation in Ontario as they pay in Manitoba. It doesn't mean anything.

Now, Mr. Speaker, when we introduced the levy, we heard a great deal of talk that employer confidence, investor confidence would be decimated by the levy. Well, we had the Member for Pembina, that great wizard with his crystal ball, who predicted last year that the deficit would be up to \$750 million and indeed suggested that you can bet your bottom dollar that that would happen - it's lucky his constituents know him and didn't take him up on that - but he predicted, he said that the saddest thing about last year's Budget was that nobody would come to Manitoba. That was the saddest thing about the Budget, nobody would come to Manitoba. Was he right? Of course not. They've been wrong on practically everything they've said up to this point on our economic budgetary policies.

Employment in Manitoba is now 4.1 percent higher than it was in July of 1982 - which is the month the levy came into effect - 4.1 percent higher than that

month. That would be somewhat of a watershed, because that's the month they would say that things really went bad in this province.

What happened nationally in that same time? Well, nationally, there was a 1.9 percent increase in employment over that very same period of time, 1.9 percent. Of course, last month Statistics Canada indicated that we have the lowest unemployment rate in the country. It doesn't mean we'll have it forever, but we have moved from a position where we were third and fourth under the Tories, to a position where we are now first and second under the NDP.

Now, the Leader of the Opposition also cited some statistics - and they're out of date - on private investment in an attempt to legitimize his self-interest position in criticizing the levy. Let's spend some time on private investment and confidence.

In 1979, Manitoba recorded - let's remember '79 was the year the Leader of the Opposition was elected to the Legislature - the Conservatives had been in office for two years; we recorded the smallest increase in private investment among all of the provinces - the very smallest - we were the tail end. Is that what the Leader of the Opposition regards as the kind of confidence Conservative administrations bring to investors in Manitoba? — (Interjection) — Yes, open for business. I think they've decided not to partake in the recovery.

In 1980, Mr. Speaker, when private investment in Canada increased by over 15 percent, Manitoba - I want to get this very clear, 1980 was a good year for Canada, investment went up by 15 percent overall in this country. How about in Manitoba? We suffered a decline. Sorry about that. Is that Conservative-inspired confidence?

In 1981, private investment in Manitoba showed the third lowest increase among all the provinces. Well at least we weren't last. We were last in 1979; we were more than 15 percent behind in 1980. There were two provinces that were doing even worse than us in 1981.

In 1982, it is true that private investment declined in Manitoba, but it also declined in seven other provinces. We didn't like being where we were but we weren't exactly alone being there. Then, after one year of NDP policies - I think the Minister of Northern Affairs could well be making this speech himself - after one year of New Democratic policies of underpinning the economy, policies that were criticized last year so vehemently by the Member for Fort Garry, policies that he said would not work, policies that he said were contrary to what would be in the best economic interests of Manitoba, after one year of those policies of underpinning the economy, of supporting private and public initiatives, what do we have?

In 1983, we had an increase in private investment in Manitoba of 15.7 percent. Remember, was it 1980, there was a 15 percent increase in Canada? Well, we got that in 1983 in Manitoba. What happened to Canada in 1983? They had a 5.5 percent decline overall in Canada for an overall performance in Manitoba, 20 percent better than Canada as a whole in 1983.

What about 1984, Mr. Speaker? Statistics Canada's public and private investment survey projects a further 7.9 percent increase in private investment for Manitoba, compared with 1.5 percent for Canada. Looking at it from a different perspective, as a share of national

private investment, private investment in Manitoba has risen from 2.8 percent in 1981 to 3 percent in '83 and a projected 3.2 percent for 1984. Not enough, not enough. We would like to have more of it and we're working on that, but it is a lot better than the Tories did.

Mr. Speaker, any way you cut it Manitoba investors recognize the tremendous potential our province has to offer. They are expressing that renewed confidence with investment in Manitoba, at rates above the national average, in marked contrast, to the sub-national average performance in the last three years of the Conservative administration.

Mr. Speaker, to get back into population a little bit, the Leader of the Opposition, using his - and I don't know what kind of a calculator he was using - but he attempted to belittle the confidence shown by Manitobans in their home province. He dismissed the population gains registered in Manitoba over the last two years as being insignificant. He said, "That amounts to, as I look at it, about one-tenth of 1 percent per year growth for two years." At least he admitted he didn't get this from a day-old newspaper or from a telephone call. This was as he looked at it.

Would he have been more impressed if the growth rate would have been 10 times as high as he looked at it? Well, maybe it would have been. The fact of the matter is the growth rate was 10 times as high as the suggestion he made. We had a 1 percent increase in each of those two years, rather than one-tenth of 1 percent; and I would suggest that the members of the opposition get together and purchase themselves a calculator so they don't have to have their leader coming into the House making embarrassing statements like that to the people of Manitoba.

Any student in this province can tell him that a 21,000 increase in population, from 1,026,200 in June 1981, to 1,047,200 in June 1983, is roughly 10 times the percentage he calculated, no matter how you look at it.

Just in case members opposite don't recall population statistics during their years, during their four full years in office, overall there was a slight decline in the population of this province. Now were we supposed to jump for joy at that? We had the Member for Niakwa referring to it as some kind of . . . the one-tenth of 1 percent reminded him of the little bit of stuff you dump into the pickles. Well, maybe at 1 percent it would have been too strong; but on the other hand, if you didn't dump any of it it and took some out, as they did during their years, he might not have liked his pickles at all. He should have thought about that and tried to develop policies that would prevent that kind of economic destruction.

Mr. Speaker, the Leader of the Opposition probably would also like to forget about the dismal record of the Tories from the time he came into this Legislature from 1979 to 1981. It's easy for him to understand and for us to understand why.

According to Statistics Canada, on a seasonally adjusted basis, 457,000 Manitobans were working in December of 1979. By December of 1981, this had increased to 460,000, for an increase of 3,000, hardly the kind of record that even Conservatives would be proud of.

Now, Mr. Speaker, they have been using averages to try to get away from those numbers. They say, well,

in 1981, actually the average employment was higher than that, and that's true. Employment did climb above 460,000, on a seasonally adjusted basis, up to about May of 1981; but at the time that they were telling us we were sitting on a gold mine, people were losing their jobs and they were not recognizing that. What we're talking about is the economy from the time we took office. We had no control over the economy before we took office. At the time we took office, on a seasonally adjusted basis, there were 460,000 people working in this province.

In December of 1983, employment in Manitoba - again, according to Statistics Canada - increased from 460,000 to 469,000, for an increase of 9,000 jobs, three times the job creation reported by the Tories in their last two years. They like to use averages because it makes the hurt go away a little bit until you stop and think about what those averages mean.

There was an up in employment to about May or June of 1981; a down to somewhere in '82 and then we started moving back up again. What they would like to do for '83 is take that downside of January of '83, February of '83, March of '83, etc., and take away from December of 1983; but if you look at December of '81 to December of '83, there were 9,000 more jobs than there were when we took office. When we took office in December of '81, there were 3,000 more people working than there had been in December of 1979.

Youth unemployment. The Leader of the Opposition spoke about youth unemployment, the lack of adequate employment opportunities for young people in our province, and I agree. There is probably nothing that is more difficult for those of us on this side of the House than youth and other unemployment in this province, and we are doing everything we possibly can, directing all of the resources possible of this government toward reducing those kinds of hurts.

Every time we do that we get criticized by the opposition for some minor little decreases in spending where it isn't needed. We get criticized for not spending enough in this area, that area, the other area and I wish the Leader of the Opposition would tell us what he would do if he were the Premier, because he told us - isn't it the Leader of the Opposition who told us the other day that the best thing we could do, is do nothing? Now what is that going to do for student unemployment, doing nothing? It's going to do exactly what it does in the Tory provinces in this country. If you do nothing but wring your hands, nothing happens.

Our government has acted and, here in Manitoba our wage assistance programs have enabled thousands of young people to get valuable work experience. Our Program for Science and Technology Graduates has assisted an important and highly trained segment of our labour force to remain in Manitoba. We are thankful that our unemployment rate in March, bad as it is, including the rate for 15- to 24-year-olds was the lowest in Canada. Again it's not low enough, but at least it was the lowest. At 14.7 percent, far too many young people cannot find jobs, but our rate of 14.7 percent is still more than 25 percent better than the 20.3 percent youth unemployment rate in Canada as a whole. It certainly is better than the youth unemployment rates facing residents of all other provinces, including the seven with Tory administrations and the one with the Social Credit administration.

Now, Mr. Speaker, I was pleased to hear the Leader of the Opposition recognize that there are two sides to a balance sheet, and the fact that one has a responsibility to look at both sides. I am hopeful he will keep that responsibility in mind when he has occasion to discuss the province's debt position.

But while accepting the principle of a balance sheet, he denigrates some of the assets listed. He said, "Businesses regard something as an asset only if it can be sold for the value you've placed upon it. Who is going to buy the floodway from us? I don't know, but that's one of the assets that the Minister lists as having tremendous value to offset the indebtedness that we are taking upon ourselves."

Mr. Speaker, I trust the Leader of the Opposition didn't mean that. Does he mean that if an asset cannot be sold to the private sector, it shouldn't be created? Is that what he means? Is he saying that Conservatives today would oppose construction of the floodway because it does not have a ready-made market and it would increase the deficit, increase budgetary requirements? I hope not.

If he really wants to consider the option of not having a floodway, I remind him that that option carries with it significant costs on the other side of the ledger, including flood-fighting costs, flood-damage costs, human relocation costs, shutdown of businesses and more. Mr. Speaker, having that asset here means that our people don't pay more for flood insurance. That asset means that we don't have to, every few years, spend millions of dollars sandbagging the rivers and all those kinds of things we used to do. For him to say that there is no value to it and that when we do these kinds of things we should pay for them that year and forget about it, is patent nonsense.

I'll give you an example. A couple of years ago when we first took office, the Manitoba Telephone System purchased a building known as the Bestlands Building. I believe the purchase price was somewhere in the vicinity of \$6 million. They've had an offer now to sell it to the private sector. Somebody wants to purchase it for \$11 million or \$12 million, about a \$6 million . . . That doesn't mean we're going to sell it, because we think it's a good asset. But the point is, if we buy a building or build a building like the Woodsworth Building which can also be sold, or the Norquay Building built, I believe, by the Roblin Government which can also be sold, we incur a debt. We take out a mortgage on it. But at the same time we stop paying rent. We have, on the other side, that advantage over the many years.

Why should the cost of that building be credited to debt or deficit for the particular year in which it was acquired? If you do that, you're making governments tend to look at short-term balance sheets, rather than at what is in the long-term best interests of the public and of the Province of Manitoba. When you do that, governments will have the tendency to say, let's cut back on capital spending. You know, if we don't spend this \$15 million here this year and add to our deficit, we can rent instead for maybe \$1.5 million. That way, our deficit is only 1.5 million instead of that 15 million, but what will happen next year? The rent will be up maybe to 1.7 million. The building, if they want to build that building, will probably then be up to 17 million or 18 million and so on. That's what happens with those kinds of phoney economics and phoney calculations

of what is a legitimate expenditure on capital and what is not.

Those kinds of costs, Mr. Speaker, need not - and I suggest to you ought not - to be borne solely by the taxpayer who is here in the year they are acquired. Why should the taxpayer who was here in the year 1973, be the sole taxpayer responsible for paying for the Woodsworth Building, and ensuring that the taxpayers who are here in 1984 do not have to pay the rental costs that would otherwise have been paid? Is it not more fair to divide that up a bit among that taxpayers who are there when it is being built, and those who are going to use it over the years of its lifetime? I think so, and I will be quoting other people later on in my speech who agree with me.

The Leader of the Opposition dealt with credit rating. I believe that he has a fairly short memory when it comes to the credit rating environment in North America in recent years. He seems to forget that corporations, state governments and some Canadian provinces had their ratings adjusted far more significantly than Manitoba over the past two or three years.

Is he saying that those Conservative provinces and other provinces who had their ratings adjusted, that it was the fault of that current government? He certainly makes that argument for Manitoba. Is he saying that the banks who had their credit ratings altered during the recession were incompetent, didn't know what they were doing? Is he saying that about the American states who had their credit ratings reduced? No. But somehow in Manitoba things are different, it is all the fault of the government if there is anything that goes bad in any little way, but the government has nothing to do with the fact that we have employment increases, that we have less unemployment, that we have buoyancy in terms of optimism in the business community for investments. That we have somehow nothing to do with. The rating agencies recognized that there were special circumstances in credit markets during the recession but again it appears that the Leader of the Opposition doesn't appear to be aware of those circumstances.

About 14 months ago, an Executive Vice-President of Moody's Investor Services noted that: "Other than the depression, I am unaware of a period when the ratings were under more pressure than the present." But did Moody's adjust Manitoba's rating during this period of greater pressure than any time since the depression? No. Moody's did, however, revise the ratings of four other provinces. British Columbia and Quebec each lost a full A from their ratings, and two of the Maritime provinces had smaller adjustments.

Do we hear people on the other side talking about that, or saying, well there was an environment where things were a little bit difficult? Do we hear people talking about that? Oh, no. No, it's just as though it is just one government, and we are out of step with everything else that is happening in this whole world.

What did Standard and Poors say about Manitoba? Standard and Poors report on Manitoba last year cited Manitoba's poor economic performance over the '76-81 period relative to other provinces as one of the main reasons for adjusting our credit rating. You can look it up in the report. That's what it says. Those were years mainly when the Conservative Party was in office. The same Standard and Poors report noted that in contrast, and I might add after our government was

in office, "Manitoba's recent economic performance has been above the Canadian average." Do they talk about that? Oh, no. That wouldn't fit in with their gobbledygook about what is happening in our economy.

Now Standard and Poors also adjusted ratings of four provinces, along with many states, cities and private corporations. Manitoba enjoys a double-A rating from Moody's Investor Services, and a double-A-minus rating from Standard and Poors, ratings which are exceeded in only four other provinces in this country, and a ranking among provinces which has not changed in recent years. But do you hear that from members of the opposition? That doesn't meet with their current theology.

Staffing reductions. I would like to spend a little bit of time talking about reductions in the Civil Service, Mr. Speaker. At the outset, I would like to contrast our approach to the mean-spirited actions of the former Conservative Government. Under the Conservatives in 1977, employees were laid off with as little as two weeks' notice - two weeks' notice. Staff reductions were carried out in a capricious manner with no long-term purpose or objective. The Conservative approach included decimation of central management controls through the abolition of planning and priorities, management committee of Cabinet, and with a failure to replace them with anything else.

Now, Mr. Speaker, I think there are some on this side who would agree that there were some problems with those committees at that time, but to replace them with nothing was unconscionable for a government to do - unconscionable. It was a disaster that led to a total lack of planning capacity in the Government of Manitoba, and it took us some time to build it back up, Mr. Speaker.

In contrast, in February 1983 our government guaranteed civil servants job security in the form of a no-layoff clause extending to September of 1984. So contrary to the suggestions of the Leader of the Opposition, no layoffs have yet been required to trim the 273 positions and there has been no political interference. Moreover, when it became evident from Treasury Board's review of the need to secure savings in lower priority programming in order to protect essential services such as health care, that there would be 273 fewer authorized positions for next year, for 1984, we initiated discussions with the MGEA on a co-operative basis.

Contrast that, Mr. Speaker, to the confrontationist approaches in British Columbia which the Leader of the Opposition suggests is a preferable approach; or contrast that with what happened in Alberta recently. There was simply a bang, you're gone. There was no discussion, as there is here in Manitoba, no attempt to avoid those kinds of layoffs and the difficulties that creates with the people employed by government and their families and their friends.

We announced our intentions publicly, recognizing that there would be reaction, but we wanted to do it in order to minimize the anxiety which would have arisen had the only source of information available to civil servants been rumour and speculation. That would have been a problem.

I might add that partly as a result of the success of last year's Early Retirement Enhancement Program, it has been determined that under 100 civil servants are expected to be affected by our reductions, with over

173 positions already being vacant. While the Leader of the Opposition refers to layoffs - and again that is a total inaccuracy, a totally unfair thing to say - he should be reminded that there haven't been the layoffs. The close to 100 civil servants involved have been given six months notice of potential layoff. The government has initiated a priority placement program under which every effort will be made to find alternative placements for the affected employees, and to avoid layoffs.

These reductions are not taking place with glee. They are taking place because essential services, including especially health care, require additional resources. That is a major contrast to the Conservative approach in 1977.

I indicated previously that I would be spending some time on taxes, and I have done a little bit of that with respect to Inco. The Leader of the Opposition, as I've said maybe in slightly different ways before, is trying to have it two or maybe three different ways.

On spending, he claims our overall spending rate increase of 3.9 percent overbudgeted last year at 5.9 percent over preliminary actual, is too high. He says, that's too much. Actually it should be less than that. But his remarks again are devoid of any suggestion as to what the Conservatives would cut, and he has a huge shopping list on areas where apparently he'd like spending to be increased rather than decreased. Let's look at the items he mentions.

Candidates, again for additional spending and how this year's spending estimates compare with those approved by the Conservatives in 1981-82. Universities, even though university grants have been increased by over 30 percent or 50 percent greater than inflation since 1981-82, he thinks there should be more money there. His education critic, I believe, disagrees. He said the other day that he had never advocated more money for education. Community colleges, even though the resources available to community colleges have been increased by over 25 percent, or 25 percent greater than inflation since 1981-82.

Agriculture, even though resources devoted to agriculture have increased 48 percent were more than double inflation since 1981-82; he says, we want more. Support for municipalities and school divisions, even though resources transferred to local governments have increased more than 30 percent or 50 percent greater than inflation since '81-82, he says, we should be providing them with more. We're not providing them with enough.

Of course, Highways and Transportation, I think he wants a Budget to pave every ranch in this province. He has no problem significantly increasing the Highways and Transportation budget. Well, where would he get the money? His own people tell us, don't expect large growths in revenue. The Member for Swan River said it last year. The Member for Turtle Mountain said it with, I think, a better background and more soundness in terms of the numbers just the other day. So revenue is not going to grow by much more than predicted. We're predicting an 8 percent increase in revenue for this coming year and I think, basically, we don't expect huge increases over the next few years without tax adjustments. So we agree on that. Well then, where would he get the money? He won't tell us.

Again, Mr. Speaker, it's either increased spending, spending cuts in other programs - the major ones being

health and economic development - or an increased deficit; or maybe a health care premium which the Member for Turtle Mountain said we can't discuss in this House. I don't understand why we can't discuss it. They certainly are discussing the health and education levy. They have no compunction about standing up and saying, let's eliminate that.

They say that Medicare premiums are something that should be discussed in order to save costs in the medical field, but do they do that? Do they have the courage to stand up and say, this is what we believe in? We know what they believe in. Mr. Speaker, when they were in office back in the '60s, they were the ones who initiated the Medicare premium. They were the ones who told Manitoba farmers and businesses and so on, you'll pay 20 bucks a month and in those days, 20 bucks a month was a lot more than it is now. In our sister Province of Ontario, it's more than 50 bucks a month now is what they're paying; the farmers, the small businesspeople and so on whom they have gotten so upset about the health and education levy for which they pay far less than what they pay in Ontario. Why don't they have that discussion? Why don't they have the courage to have that discussion if that's what they think?

This is a place where you should be able to talk about what you believe in. We put in the health and education levy. We didn't like doing it. If you take it off and you put in the Medicare premium, you won't like putting in the Medicare premium. You will do it because you need the money, for the same reason that we put in the health and education levy. You have said you're not going to do the sales tax - unless maybe you're going to go back to the sales tax, I don't know - but you really do have to get that issue of yours sorted out. — (Interjection) — Well, I think the most equitable one is what we have now. I think it's a balanced set of taxes.

Again the Leader of the Opposition talked about removing that levy, talked about a \$25 million reduction in sales tax on production equipment. He was critical of the \$12.5 million increase in tobacco taxes. So with three strokes of the pen, he could drop \$140 million from the revenue of the province. That, of course, would imply closer to a 3 percent increase in sales tax if he's going to make it up.

The Leader of the Opposition asserted that we already have the highest level of taxation of almost any jurisdiction in this country right now; and again he is dead wrong. I think it's not exactly in keeping or in the best interests of the province, to have the Leader of the Opposition making such factually incorrect statements to the detriment of the Province of Manitoba. People read these speeches occasionally, and may even believe them. Mr. Speaker, there could be nothing further from the truth than what that statement implies, that somehow we have among the very highest taxes of any jurisdiction in this country.

Employer health and education levies, I have already pointed out that up to levels above the average industrial wage in this province, we are significantly below a number of other provinces and about fifth in the country.

On diesel fuel, Manitoba's 8.6 cents-per-litre rate ranks seventh in the country - not first, not second - seventh in the country. On gasoline taxes, Manitoba's rate of 7.5 cents per litre ranks eighth in the country, it is four-tenths of a cent or 5 percent lower than the

20 percent ad valorem rate introduced by the Conservatives and taken off by the New Democrats; eighth in the country on gasoline taxes.

Sales tax. Manitoba's 6 percent ranks eighth in the country, compares quite favourably with 7 percent in Ontario and British Columbia; 9 percent in Quebec; 10 percent in New Brunswick, Nova Scotia and Prince Edward Island; 12 percent in Newfoundland. Where is this highest tax in the land? What kind of nonsense is this man talking? Are those the taxes he was talking about as being the highest in the land?

Now, our 16 percent large-business corporation income tax rate, legislated by whom? Our 16 percent corporation income tax rate legislated by the Conservatives is tied with three other provinces, so depending on one's perspective you could say we're No. 1 or we're tied for fourth place or third place or whatever. Anyway, we are on the high side with the large-business corporate income tax rate. Is that the tax he views as being too high? He wants to reduce that?

Corporate taxes, as the Member for Turtle Mountain knows, are in the vicinity now of \$100 million. We collect about \$700 million in personal income taxes in the province and overall I don't think that corporate taxes are too high in this province. Was he referring to the 10 percent small-business corporation income tax rate, which is a rate we reduced from 11 percent to 10 percent. They had 11 percent on, we dropped it one. It's the same as in about five other provinces and we believe it is competitive. I have never had an industrialist, a business person, anyone come to my office and say we think you should reduce either one of those taxes - never had that happen.

Our corporation capital tax rate is tied with British Columbia's for fourth and fifth in the country. Our rate is two-thirds of that applied in Ontario and Saskatchewan. So that tax, which was applied in each and every year the Conservatives were last in office, I believe is competitive.

Our personal income tax rate, that 54 percent of federal basic tax, ranks fifth in the country behind Newfoundland, Nova Scotia, New Brunswick and Quebec. Again, Mr. Speaker, there appears to be a pronounced chasm between the facts and the Leader of the Opposition's assertion that we already have the highest level of taxation of almost any jurisdiction in this country right now. Perhaps he is concerned that the surtax on higher income earners is adversely affecting the lifestyles of well-to-do executives and higher income Manitobans. If that is his concern, I would advise him - any other costs than income taxation are involved, there are costs of food, clothing, transportation, housing, property taxes, energy, and so on. I'd also point out that several other provinces have surtaxes.

I would refer to the July 1983 Conference Board analysis of living costs facing a married executive with two children, \$45,000 annual income. The Conference Board analysis concluded that with comparable lifestyles, a Winnipeg family would have \$3,357 in discretionary income remaining after all costs including taxes were taken into account, about 14 percent more than the next lowest-cost city, which is Calgary, where the family would have \$2,935 remaining.

Now, Mr. Speaker, that's not from the Government of Manitoba. It's not from some source that the

opposition might dispute in the province, somebody who is prejudiced and trying to make things look favourable for Manitoba. That was the Conference Board, July 1983; that was when the health and education levy was in effect; that was when the Medicare premiums of more than \$50 a month were in effect in Ontario; that was when Workers Compensation was - what did I say? - \$2,300 at Inco per person; that was when the surtax was in effect.

The same study, by the way, concluded that to move an executive from Winnipeg the employer would have to increase compensation payments to the employee to maintain an equivalent lifestyle in St. Johns, Montreal, Toronto, Calgary, Vancouver, the other cities examined in the Conference Board analysis.

The message is clear. Winnipeg offers significant cost advantages in such circumstances both to the employer and the employee and that's a message I would hope that we could get all of us out there giving, because it is good news for Manitoba. It is news that I would like to hear the opposition spreading. It is news I would like to hear the business community spreading, the university community, the medical community and so on, so that people know that there are cost advantages as well as the other wonderful advantages that this province offers to people who relocate here.

The Leader of the Opposition suggested that our government has failed to take concrete steps to reduce the deficit and again, he's wrong. In '83-'84, our budgeted net operating deficit was \$294.8 million. That's an amount equivalent to 8.9 percent of spending, close to 2 percent of gross provincial product. By the time of the third quarter statement, the net operating deficit was down \$58.3 million to \$236.5 million, or 7.2 percent of spending. Is that not concrete evidence of reductions in the net operating deficit? For next year, we are currently forecasting the net operating deficit at \$167.5 million, which is a 43 percent reduction from last year's Budget estimate. Is that not a concrete step?

Just while I'm on that notion of us estimating what next year's deficit will be - budgetary requirements and so on - I was expecting to be able today to get up and defend the numbers. I was expecting that somebody would have stood up and said, oh, no, no, it'll be \$600 million, it'll be \$550 million, it'll be a billion. I was expecting Professor McCallum to give us some wisdom, maybe some of the critics who last year had all that fun telling us how much the deficit would be. I don't know any more than I knew last year that I'm right. I do know that we are doing our very best to calculate our revenues in the most sensible way possible. We used the same methods of calculation this year as we used last year. I'm hoping that they will be correct.

As the Member for Turtle Mountain knows, with respect to his Estimates in the year that he was Finance Minister, those original Estimates don't always come true. I'm hoping that we can improve on these Estimates as we did last year, but nothing is certain. — (Interjection) — The kinds of speeches they made last year certainly didn't help us.

I have some more statistics though about our deficit, because the Leader of the Opposition says there were no concrete steps taken. At \$167.5 million the deficit represents 4.8 percent of spending, which is down from the 8.9 percent initially estimated last year and the 7.2 percent in the third quarter for last year.

In relation to gross provincial product, in relation to everything that's happening out there in our economy, our current account deficit represents about 1 percent this year compared to close to 2 percent budgeted for last year. I believe that represents substantial progress in reducing the deficit from previous recession fighting levels as the economy recovers from the recession. Again, I believe responsible opposition has the responsibility to tell us about alternatives. What would they do?

It is obvious that Manitobans have to go beyond the remarks of opposition members to obtain anything remotely approaching an objective assessment of the 1984 Manitoba Budget and the Budgets that preceded it. The Conservatives are infected with negativism. They are obsessed with gloom and doom. They're almost totally devoid - there were one or two constructive criticisms that I will come to - of constructive suggestions.

I would refer those prognosticators of gloom and doom to the Manitoba economic outlook released by the Investment Dealers' Association of Canada in the week prior to the Manitoba Budget.

Here are a number of direct quotations from that document: "Relative economic performance has been weak over the last eight years." "There are, however, encouraging signs that the performance of these economic indicators will be turned around." Here's one that should gladden the hearts of all Manitobans: "Investment opportunities within the province have never looked brighter." I would expect opposition members to be talking about that in the streets, talking about that with businesses in the province, talking about that to outside investors. They should be trumpeting that. "Investment opportunities within the province have never looked better." That was the Investment Dealers' Association of Canada. Contrast that to the empty, hollow criticisms of the Leader of the Opposition.

There are a few more quotes in there that I think are appropriate. "Real output recovered in 1983 and is estimated to have increased by 2.2 percent. The nucleus of the recovery was the three-fold increase in housing starts from 2,000 in 1982 to 6,000 in 1983." Let's see whether they credit anything to the Jobs Fund or our housing thrusts, let's see about that. "This accounted for \$430 million in residential construction investment, 138 percent higher than in 1982. The decline in interest rates was a major factor in the turnaround in housing demand." We all recognize that.

They go on and they say, "Equally as important" - not almost as important - "was the Homes in Manitoba Program introduced in the 1983 Manitoba Budget." The Manitoba Budget did what we set out to do. "Without these incentives," I'm going back to the paper, "the province was heading toward a serious housing shortage. Employment growth of 1.3 percent in 1983 outperformed the rest of the country. The \$200 million Jobs Fund Program introduced by the Provincial Government in its 1983 Budget was a major factor." That's what the Investment Dealers say, a major factor.

And they talk about the "fraud" fund. They are a bunch of frauds themselves. They can't recognize the achievements of this government. I think, quite frankly, that they are beginning to and they're beginning to feel very badly about that. They're feeling even gloomier, even dooier - is "dooier" a word?

They referred as well to the deficit and they referred to a very high deficit. In fact, they say as follows: "The historically high deficit has been caused by rising expenditures, slower growth in revenues due to the recession, and an erosion of the tax base caused by a major outflow of residents in 1979-80 to other provinces." That's what they said.

They said, as well, "The province's total budgetary requirement, as a percentage of gross provincial product, compares favourably with other provincial deficits." Do you hear those people ever talk about that, that it compares favourably with what's happening in other parts of the country? Nobody else is out there doing more.

What else do they say about population? These people are not playing the statistical games that people in the Legislature might be accused of. They're just looking at it from the outside in a dispassionate way and telling us that investment opportunities have never been better. And what do they say about population now? "The number of people leaving the province reduced the number of taxable incomes available to generate government revenues. The government realizes . . . "I'm sorry, I thought that they had said somewhere that they recognized, as well, that the people were coming back. Maybe they didn't see that yet, but they did refer to the '79 and '80 exodus of Manitobans, when the Member for Niakwa's salt out of his pickles left.

Mr. Speaker, those comments were made prior to the 1984 Budget. They reflect the views of the Investment Dealers' Association on the strength of the economic renewal occurring in our province and on some of our major policy thrusts. They should be sufficient to put to rest the empty criticism emanating from the opposition.

What did they say after the Budget? Again, their comments were favourable. Their President, Andrew Kneiwasser, said, "It was an excellent and appropriate one for Manitoba at this point." We can go through what other people said. Charles Howard, who is the President and Chief Executive Officer of F.H. Dean Hodgson, Inc., said the Budget would be viewed very positively by Wall Street credit rating agencies, those people the Leader of the Opposition is so concerned about. But did the Leader of the Opposition say that? No, of course not.

Mr. Kneiwasser was told that there were some very negative vibes coming out of the opposition about the Budget, very negative vibes, and he said: "Well, it may seem unusual for someone from the investment community to be so optimistic about a Budget from a social democratic administration, but the IDA is not in politics. We're in the business of commenting as dispassionately and as professionally as possible on economic strategy and investment outlook." That's what he said.

Mr. Speaker, last evening I began speaking, pointing out some differences between the economic philosophies, strategies of the Conservatives and the NDP. The Tories, as demonstrated by the speech of the Honourable Member for Fort Garry, would have had us cut back; make Manitobans bite the bullet; do the hard things in the depth of the recession. That's their strategy. They made it very very clear that was their strategy. That is the same strategy as was used by

their counterparts, their ideological brothers and sisters in British Columbia.

We said, no, we're not going to go that way. We believe that in the depth of a recession it is up to society, it is up to all of us together to provide a safety net and that is exactly what the Member for Fort Garry said we should not be doing. We should not pretend that we could somehow guard Manitobans against the recession, the national recession. He said, make Manitobans bite the bullet; let them fight the recession in the way they're fighting it in B.C. He used those words, not I. He referred to British Columbia as a model for the way to fight the recession.

A MEMBER: Callous man.

HON. V. SCHROEDER: No, I don't believe he's a callous man. I believe he's a decent man who is totally wrong when it comes to his economic philosophy. I believe he believes - maybe he believed last year - I doubt whether he could still believe in that philosophy after having seen what has happened in the last year, what has happened in the Province of British Columbia, what has happened in the Province of Manitoba.

They were talking about an economic wasteland. The Leader of the Opposition was talking about the recovery coming everywhere else but in Manitoba. He hasn't explained why it came first in Manitoba. He hasn't explained that. I will tell you why. It is because of the policies implemented by this government, deliberate policies and they worked.

Mr. Speaker, we see our society as a partnership between the public sector, private sector, co-operative sector. We believe that when other sectors are faltering, it is the job, the absolute duty of government to step in, and as those other sectors begin to heal the wounds of a recession and are put in a position where investment opportunities never looked brighter. That is the time for government to pull back, and that is exactly what we were doing. When we hit the recession, we said, we've got to step on the gas and try to get our people through.

As we were coming out, and we're not saying we're out - and as the Premier said the other day, we have many miles to travel before we can get all of our people working, our economy in top shape, we have many miles to travel - but as we were coming out of that quagmire, we had to begin to pull back. Not like the Province of British Columbia, step on the brakes and get stuck. That is exactly what they were doing in some of the other provinces in this country.

Indeed, the Province of British Columbia, Mr. Speaker, the province that was extolled by the Member for Fort Garry, as being embarked on a course that we should emulate, recently came into the headlines as being the province which is stalling the recovery in Canada. Now I don't know whether that's true, but that is what the Federal Finance Minister was quoted as saying several weeks ago, that British Columbia is slowing down the recovery in Canada. That's the province they were going to follow.

Well, Mr. Speaker, we're not going to follow Bennett. The name, on reflection - when you look at the number of jobs lost there over the last year with the policies of that government, total jobs in British Columbia -

Bennett, I guess, is appropriate. There was another Bennett in office during the 1930s, after whom the "Bennett Buggies" were named. I suppose he would want to emulate the person with that same name. I don't know whether they're related.

We do have preliminary results. We can surely look at, surely it is legitimate to look at what the Members of the Opposition said last year would happen, and what did happen. Do the investment dealers say there's never been a better time to invest in Saskatchewan, Alberta, British Columbia? No. They're saying that about Manitoba. At the same time, people from the outside recognize that the years when you had your acute protracted restraint were the years that we did very poorly economically. Those were the years when you chased away taxpayers, good taxpayers, and referred to them as they were leaving as welfare cases. Isn't that how the former Premier referred to people who were being shipped out, and that we were lucky to get rid of them?

Well, Mr. Speaker, we've had many of our sons and daughters come back over the last couple of years. We look at that statement, never have investment opportunities been brighter in the province. Was there anyone on that side who would have predicted that that statement would be made a year after my 1983 Budget?

Well, now that we have achieved some success and the climate for improved investment is here, we are making accommodations in our budgetary calculations because that was exactly what we set out to do. There is no change in policy. We had a plan. The plan worked at least as well as we expected it to work. The plan contained a plan that when we began to get some private investment, when those people were back in a position where they could again invest, we would pull back. That is exactly what we are doing. Their criticisms of us for changing direction are completely, absolutely and utterly without one little shred of truth.

We have abandoned no principles. We set out on a course that we are still on from the moment we were elected. It took us some time to get our planning into place, which they had decimated, the central planning operations of government, that took us some time; and I think if we could have had the kind of support staff available that there was in the Schreyer years, I think we would have been much quicker off the mark.

I remember Cabinet meetings in our first year in office, where we were very frustrated about the slowness of the job creation program and so on. We felt that things should be going much more quickly, much more smoothly. We had to recognize it. We had a few staff people who were overworked. They were working like horses. I think of one individual, who was criticized in this House the other day by the Leader of the Opposition, Doug Davison, one of the finest civil servants we've ever had. Doug Davison, when I was Minister of Labor and Manpower, as it then was, was hired at that time, the best possible choice. That man worked day, night, weekends; he was doing everything possible. He was a one-man army trying to put unemployed young Manitobans to work and he was successful.

But had we followed their policies, we would still be mired at the very bottom of the recession, a recession, incidentally, which they brought to Manitoba about three

years before it arrived in the rest of Canada. They managed to bring it here early. — (Interjection) — Well, they were the recession party then. They are not the recession party now, I have to admit, they're the party party, because they have only good news in terms of whatever they would do. They will not talk about any cuts. They'll say, well, we're not going to spend as much money as the NDP, we won't do that, but we're going to spend more on a whole host of areas, and we're going to cut some taxes. We're going to be the good guys. We're going to cut the deficit. If they think they can sell that to Manitobans, they have an awful lot to learn.

I was saying that the recession came to Manitoba rather early, would be here still had we not been fortunate enough to get rid of that incompetent administration. Look at Saskatchewan, where an NDP government assured a later entry into the recession, a strong competent government assured a later entry into the recession. Now, it seems that a PC government is having difficulty taking part in the recovery. They're now at No. 2 in unemployment rates. Maybe it will change again, but certainly it's a province that structurally, traditionally, has been No. 1, and for a lot of good reasons and for some bad reasons, I believe, they've moved to No. 2. They should be able to regain that. I would expect that they should be able to, with the strengths they have that we don't have.

Mr. Speaker, I had referred earlier to the PC focus on the deficit. This year, they're not talking about the deficit as a percentage of spending. They're not talking about the deficit as a percentage of gross provincial product. They're not talking about the interest costs as a percentage of government spending. They're not talking about those kinds of things this year. They had a lot of fun with that last year. One would think that they would look back and see how wrong they were last year. They're not doing that. Now, they're just focusing on the absolute numbers in terms of the deficit.

You know, Mr. Speaker, it is a bit humorous - is it? - for them on the one hand to be saying that debt is such a terrible thing for the people of Manitoba, but knowing quite well, knowing very well, that if you're going to support the standard of services that the broad majority of the people of Manitoba want today, that you're going to have to have the kind of debt structure that this and every other province in Canada has.

Mr. Speaker, I'd like to quote back to them, their former Leader, when he was a member of the Roblin Cabinet. This is what he said, he said basically the identical thing that I just said.

A MEMBER: Who was this, Lyon?

HON. V. SCHROEDER: The Member for Charleswood. He said, "So my honourable friend, the Leader of the Opposition sits in this very funny position today, of on the one hand saying - and I think believing - that debt is a terrible thing in Manitoba, and on the other hand knowing darn well that if you're going to support the standard of services that the broad majority of the people of Manitoba want today, that you have to have the kind of debt structure that this and every other province in Canada has." That's what the Member for Charleswood said in his younger and maybe more moderate days.

We have some of the members opposite talking about the number of dollars of debt that the government has and the Member for St. Boniface, I'm sure, will remember this quote quite well from the Member for Charleswood, where he said, "Well, Madame Speaker, what about this philosophical difference, because I could see this manifested, as I say, in my honourable friend, the Leader of the Opposition." He spends part of his speech talking about debt, "Debt in Manitoba is a matter of grave concern to this five-member family, as the Honourable Minister of Utilities said last night, worried sick to death less they wake up tomorrow morning and find, my heavens, they have to pay back 3,000 bucks all of a sudden. Oh, it's a great thing. You quote these figures, you know, and you say, isn't that shocking? You know, every mother and father and three children in Manitoba, you've got X number of dollars bending over your head because of the terrible Roblin Government.

"It doesn't matter that when you reach for the light switch and pull on the switch, the light's going to go on. When you pick up the telephone, you're going to be able to use it, or that the money is going into industrial development providing now thousands of jobs in Manitoba or into agricultural credit, giving farmers of this province something that they haven't had in the 40 bleak years before this government came to office. All these things don't matter because it's debt that counts, this terrible word "debt" burned into the hearts and minds of this party during the years when they had responsibility for Public Affairs in this province. "Debt-depressive" is the word that we read more often nowadays, about people of this ilk.

"They're a fast disappearing lot, but it's amazing to find them in the numbers that we still do, opposite us in this House. You would have to shake the sheets practically all over Manitoba to find as many as you find here in this House, Madame Speaker, but here they sit, these debt-depressive people, worried about the debt." That was the Member for Charleswood. I think he's right today. You could shake the sheets all over this province and still not find any more people as uptight as you find right here in this very Chamber.

Mr. Speaker, there's another comparison I had asked for and I just got it. It's in respect to the levy for health and post-secondary education as opposed to the premium tax in Saskatchewan. The levy in Manitoba yields about \$104 per person per year - that is, in this year. Last year, and of course it would be more this year, Ontario received \$167 per person from the premiums that are charged in the Province of Ontario. That's better than 50 percent more is what they collect on that tax, that the members of the opposition continually want to ignore and continually want to pretend doesn't exist. That's pretty significant.

Mr. Speaker, the members of the opposition spent some time talking about how they would save money. One way they were going to save money was that they weren't going to do the advertising that we're doing. Well, recently there was an article in the Globe and Mail that suggested that total advertising in the Province of Manitoba by government worked out to about 85 cents per person and in Ontario it was well over \$3.00 per person. — (Interjection) — I agree. The Member for Morris says that was probably not true and I asked my department, because the Member for La Verendrye

made the point the other day that there was a fair amount spent on advertising and he felt that it was more than that, so I asked my department to check on that and it is, indeed, now approximately - rather than that number - \$2.27 per Manitoban.

That includes, Mr. Speaker, advertisements for hirings; it includes all of the departmental work; it includes making public the information that we are required to make public. Just for example, the Member for Emerson, fine gentleman, suggested last year that there really wasn't enough information coming out about the Jobs Fund and we agreed with him; and we are providing information. But let's take all of that money, let's say that we wouldn't provide information on any of those kinds of programs - which I think would be absolutely stupid and foolish on the part of any government - but let's say we save all of those costs. We're talking about saving \$2 million, about \$2.00 per person.

Put that in perspective. We spend more than \$1,000 per man, woman and child on health care. We spend about \$2.00 on advertising, overall, including jobs, including medical information, including all of the kinds of things that the Department of Labour puts out, these kinds of informational documents about employment termination, pensions, etc., all of those things. We cut all of that out, we save two bucks. Is that the amount that is going to make the difference? And how does that compare to what happens in the private sector?

Sometimes members opposite and their philosophical kind, like to talk about people in the province as the shareholders in the big company - Manitoba Incorporated type of thing. Well, if we were Manitoba Inc., we would send out annual statements to every person in the province. There would be all kinds of information going out to people and all kinds of costs that shareholders get. Regardless of how small their interest in a corporation is, people are getting those kinds of information, and there they are complaining when we say to Manitobans, look, we're spending an awful lot of your money. We think we're doing as good a job as possible doing that. We have had some difficult decisions to make this year. We would like you to take a look at this Budget if you're interested, and this is where to contact us if you want some information about how we are spending your money.

That bunch over there said, no, no, no, no, you shouldn't do that. You shouldn't let people get information. Why should you have those people know what's happening? That costs a bit of money. That is just incredibly short-sighted.

A MEMBER: What about that lady with the cart in Safeway?

HON. V. SCHROEDER: The Member for St. Boniface met a lady with a cart in Safeway. He recalls some ads that the Lyon Government ran, I believe, about '78 or '79. They gave 72 cents more or something like that to people on Social Assistance, and they had this lady with the shopping cart saying just how wonderful things were. She could buy so many more things than she had been able to do and she had radishes, the member says, I think, somewhat woefully, because he has to eat a lot of radishes these days on his diet.

Mr. Speaker, the advertising we were doing, I believe, was very useful. The advertising the Tories were doing, I think, was quite frankly . . . This is the most political document.

A MEMBER: You covered that, Vic.

HON. V. SCHROEDER: I know and I'm going to cover it again and again and again. Every time you people talk about political advertising, I'm going to point to the masters, and we have some masters. I'm not going to read it, but — (Interjection) — the Attorney-General covered that last night. The cause of the flood, apparently, after a great deal of research, they discovered there was too much water. There was definitely too much water.

Now, problems of residents - here was a dandy. Due to water on the land most farmers were unable to seed crops at the appropriate times. Well, of course, unless they were rice farmers, who else would be able to seed when the water is over the land?

This document does tell a little more than the red, white and blue stripes. It tells a little about their philosophy because according to this document, who got flooded?

A MEMBER: No Indian Bands.

HON. V. SCHROEDER: No, it was miraculous, the water ran around the Indian reserves. It was miraculous. Reserves right on the lake; Peguis didn't get flooded, but right beside it the whole LGD of Alexander was swamped; Brokenhead Municipality was swamped. We can go through all of the areas that were swamped. It was almost as big as Lake Agassiz used to be. Everything was flooded except those reserves.

I'll bet that the people living on those reserves would be very surprised to know that there had been some work done to prevent flooding on their reserves. It's a strange, strange concept.

MR. H. ENNS: Mr. Speaker, on a point of order.

MR. DEPUTY SPEAKER, P. EYLER: The Honourable Opposition House Leader on a point of order.

MR. H. ENNS: Mr. Speaker, one should never leave things on the record that are blatantly misleading, the reason being that that report deals with the area of jurisdiction that the Manitoba Flood Disaster Board had to deal with. The reserves mentioned were not the responsibility of the Manitoba Government at any time during any flood and for that reason were specifically not included in terms of the area of responsibility for care and for compensation for the damages affected by that flood.

Much like the difference, as the Minister just responded to my colleague for Morris was saying, when 2,500 Indian children were taken out of our schools the other day, it was, of course - and correctly - the initial responsibility of the Federal Government to concern itself with that problem. For the same reason, Mr. Speaker, the kind of really rather disturbing racist allegations that the Minister of Finance is making, racist allegations that a Conservative Government cares only

for whites when they're flooded, but will exclude Indian reserves, is the kind of comment that we expect from this kind of a Minister and the level of decency in this kind of a Minister who has shown so little grace in the last little while and particularly in the closing of his Budget.

MR. DEPUTY SPEAKER: The Honourable Minister of Natural Resources on the same point of order.

HON. A. MACKLING: Yes, Mr. Speaker, speaking on that point of order.

We, on this side, can appreciate that the House Leader of the Opposition party has a right to rise and be concerned about the use of a document, and we understand the sensitivity they have when that document is very embarrassing to them. We sympathize with them to that extent.

However, responsible government is simply that. If the honourable member is saying that they weren't in any way responsible for that document even though it had the red, white and blue colours of the Conservative Party emblazoned throughout it, that's very hard to believe, but if he wants the taxpayers of Manitoba to have that belief, he will have to work hard to convince them. We on this side of the House remain far from convinced that that is a fact.

If the honourable member is suggesting that somehow the Minister of Government Services to whom the Emergency Measures Organization report does not have control over that organization, has no responsibility for it, then I suppose it's arguable that they're not responsible for the production of that document.

But it's my understanding that during the course of the previous administration when the Estimates of the Minister of Government Services were brought forward, the costs of the emergency measures operation was included in the Estimates for the Minister of Government Services . . .

MR. DEPUTY SPEAKER: Order please.

HON. A. MACKLING: . . . now for the honourable member to say that they weren't responsible for it is completely irresponsible and certainly out of order.

MR. DEPUTY SPEAKER: Order please. There is no point of order. I thank the Opposition House Leader for his clarification.

The Honourable Minister of Finance.

HON. V. SCHROEDER: Thank you, Mr. Speaker. I suppose my difficulty with the comments of the House Leader of the Opposition are that - I was going to get to this - there is one reservation that is included and that is not marked off, and was flooded and shows as having been flooded. It's a very important reservation, happens to be I believe in the constituency of the Member for Emerson - Roseau River Reserve that's in the constituency of the Member for Emerson - that one was flooded, I was going to get to that. In the Tory areas there seemed to be a different policy. So I reject totally the allegations of the House Leader of the Conservative Party who made a distinction, it appears, between reservations in NDP areas and reservations in Tory areas.

Now, Mr. Speaker, I have here - just as a little background on this - there was a suggestion on Budget night by the former Leader of the Opposition that when we talk about dividing current and capital spending, we will have to go and talk to the rating agencies about that. He has his views on how financially responsible people understand or don't understand the difference between current and capital expenditures.

I have here a speech which was provided to me by Freda Stern Ackerman, who is the Executive Vice-President of the Municipal Department of Moody's Investor Services, and she does work on the Canadian provinces. She made this speech in 1983 in Halifax at a conference dealing with the financial and fiscal positions of the Maritime Governments. She makes it very clear in her speech, "Debt issuance should be part of an overall financial plan, not merely used to fund increasingly large operating deficits." Not capital deficits - increasingly large operating deficits.

Let's comment on that. We are moving down by 43 percent in our operating deficit for the coming year from where we budgeted for last year. She says, "Debt issuance should be part of an overall financial plan, not merely used to fund increasingly large operating deficits."

Then she says, "We are Moody's prefer to see debt proceeds for operating and capital purposes kept separately, in separate funds." We haven't gone that far, but very clearly people at Moody's recognize the difference between current and capital. Moody's recognizes the difference between current and capital. Sometimes one would hope that members of the opposition would begin to recognize the difference between spending for long-term purposes and short-term purposes.

There's another interesting statement she makes, she's following our books fairly closely, "The level of debt as a percentage of gross domestic product," and they do look at that, "shows a wide variance among the provinces from about 5 percent in Saskatchewan and Alberta, to 9 percent in British Columbia, 12 percent in Manitoba, 14 percent in Ontario, 20 percent in Quebec, 26 percent in New Brunswick, 46 percent in Nova Scotia," and that's excluding debt issuances for Nova Scotia Power, it would be at 33 percent, "and 60 percent in Newfoundland."

So, Mr. Speaker, those kinds of numbers members opposite generally try to avoid speaking about, because if they talk about them they begin to recognize how hollow their arguments are about large debts in Manitoba. Mr. Speaker, it's not just Moody's or some Vice-President of Moody's who views things in that light.

I have here a document from the Canadian Institute of Chartered Accountants. This thing just recently came to my office, a 1984 document. It's dated February 1984, and on Page 9 of that document they say, "Users are particularly interested in information about spending to acquire physical resources which have a useful economic life longer than the accounting period." Now, the accounting period in our Budget is one year, but they want to know about the acquisition of physical assets. They see that as being different.

They go on, "The extent to which financial resources are used to acquire physical resources such as schools and highways, rather than to provide for annual

operating expenditures, is information useful in understanding and assessing financial requirements." Absolutely, and that's what we're trying to provide.

They go on, Mr. Speaker, to deal with future research. They suggest that reporting on a government's acquired physical resources and accounting for long-term investments would be useful. They also say, and this is very interesting, Mr. Speaker, because the chartered accountants in Canada are totally contradicting the nonsense that is being spread continuously by the opposition about tax expenditures. Members of the opposition have been arguing in this House for quite some time that a tax expenditure should never be talked about, that's just money that you have no business talking about, you shouldn't show a decrease in taxation or elimination of tax for a certain taxpayer as something that is relevant.

Now, they haven't talked to John Crosbie, their federal counterpart, who issued a tax expenditure document with his one and only Budget - when was that, 1979? But what do the chartered accountants of Canada have to say? They say on Page 11 of their document, "Further, a government uses its revenue raising powers to provide assistance, encouragement or relief to private sector activities and individuals through special provisions in the tax system. In order to provide this assistance or relief, a government foregoes tax revenues, thus making an indirect expenditure through the tax system. When there are acceptable methods of measuring and accounting for tax expenditures, financial statements could account for them because they are an important aspect of a government's financial activities."

Well, Mr. Speaker, I think the members of the opposition should acknowledge that on that item as well they've been wrong. They've been wrong on a whole host of items. You know, one of the many letters I received after the Budget Address - I just want to read one paragraph - from the Vice-President at Government Finance of Bell Gouinlock, a corporation incidentally that will be doing financings in Manitoba for Morden, Brandon, St. Boniface Hospital, Health Sciences Centre, Dauphin General Hospital, but not the Province of Manitoba. There's always this notion from the Member for Turtle Mountain that somehow these people are all doing some big financings for us. Well, he says, "The point you made about the difference between operating and capital deficits is an extremely valid and timely one." People out there recognize that. It's getting down to the point where it's only the opposition in the Province of Manitoba who dispute that, who dispute the logic of that kind of a notion.

Now, Mr. Speaker, I did want to deal - I'm not sure time will allow for everything - with the remarks of the Member for Turtle Mountain. The member expressed great concern, and I thought he had a very good speech, it was well thought out. There are some areas where I disagree with him, but at least he put it on the table. He expressed concern regarding the total budgetary requirement which includes budgetary capital and the net operating deficit, and appeared to be of the view that the budgetary requirement overall is too high. I believe that he is aware that at \$488.7 million, our total budgetary requirement is down by \$90.2 million from last year. That's something that the people over there don't want to recognize - \$90 million down overall -

and the economy is growing, so as a percentage of the economy it is considerably less next year than it was last year. That's a reduction of 15.6 percent in total budgetary requirements and that is taking place on the operating side. In fact, it's taking place entirely on the operating side.

Gross capital spending is increasing by about 13 percent. We feel that that is an appropriate investment for our future. We believe it is very important for our future not to pull back. The Member for Inkster, a few weeks ago was referring to a document that the Member for Turtle Mountain's predecessor had circulated, the former Member for St. Vital, Mr. Craik, indicating that he wanted decreases in capital spending so that they could cut down on the deficit. I think that is penny-wise and pound-foolish, but that is the kind of mindset you get into when you try to fool yourself by saying that long-term investment is the same as spending money for tax credits, for various current day expenditures. That is foolishness, but that is the kind of box they get themselves into.

I certainly don't say that the Member for Turtle Mountain did that, but Mr. Craik did. I think that's regrettable for the long-term future of the province if we had governments who don't look at the long term but just look at the short-term credits of having a fancy headline on a particular day, saying that budgetary requirements aren't as high as they would be if you kept up your capital plant.

I believe that that percentage increase in capital investment does speak for itself. It reflects our determination to invest for our future and the other figure of our current account operating deficit going down 43 percent also speaks to the position this government is taking. We are moving down in current account deficits.

If the member wanted he could look at, for instance, other provinces such as our neighbour in Saskatchewan. Last year, Saskatchewan envisaged a total budgetary requirement of \$316.9 million. This year they're down to \$267.2, which is a reduction of \$49.7 million. Now, Conservative Saskatchewan estimates a reduction in its total budgetary requirement of under \$50 million compared with our \$90 million reduction, and Conservatives in this province remain critical.

You know, even a member of their campaign cabinet who may or may not be a member of their party said that the government is to be given its due for moving in the right direction, in particular for getting the operating deficit down.

A MEMBER: Who's that?

HON. V. SCHROEDER: McCallum. The member questioned whether principal repayment of \$8 million for schools, \$7 million for universities and \$10 million for hospitals are appropriate for inclusion in capital spending. Well, I believe you can do it one of two ways. You can do it this way, and apparently it has the blessing of the Auditor and has been used in this way over the years; or we can say, well, if we're spending \$20 million or whatever it is on the Misericordia Hospital this year and maybe a few million dollars on the Concordia Hospital and maybe on this, that or the other area, we'll just show it as whatever we're spending this year.

That certainly would be more accurate, I don't deny that. I would have no problem with either way and it may well be that we're not spending as much on schools this year as we're showing, because I don't think we're building as many schools as we were building 10 or 15 years ago and that amortized cost is being paid off now.

But on the other hand, I believe we're building more hospitals. We're probably building more other facilities. So, overall, the number would not change and indeed might show us in a better light in terms of being prepared to get out there and invest in the future of the province. There was another area, there's a couple of other areas I wanted to comment on, on the Member for Turtle Mountain's speech.

With respect to the health care system, and I referred to this earlier, but I want to make the specific quote. "If someone so much as talks about some means of controlling expenditures, if someone wanted to debate the merits of user fees, what would they be doing? They wouldn't be on their feet debating it to see whether in the long run that might be necessary to help control some of the expenditures so that we can maintain a health service system." He also said, "If a member wants to stand up and talk about the sales tax in this House as opposed to another type of tax, you can't have open debate on that either." That's what he said. You know, basically what he's saying is, they'll criticize us if we talk about a tax. They'll say, that's our policy. Well, you can't talk, Mr. Speaker, about a tax that you're going to eliminate without saying a little bit about how you're going to get around that.

To his credit, the Member for Turtle Mountain, did talk about one specific area where he feels that there could be some cost reductions. He referred to administration spending as being an area where major savings could be possible so that you could eliminate the health and education levy, I take it, and replace it with some administration savings and you would wind up being in a better position overall. Well, Mr. Speaker, administrative category in '81-82 Estimates constituted about 2.3 percent of total expenditures. This compares with 2.4 percent in '84-85, which is hardly a substantial change over a three-year period, so you could talk about a couple of million dollars there; but if he feels there are major savings there, I'd be interested in hearing specifically how we go about doing that, and I'm prepared to talk with him. Overall then, what we've heard is a couple of million dollars on advertising, a couple of million dollars on administration costs and basically nothing to talk about the \$108 million that they are talking about reducing.

Mr. Speaker, overall I must say that I would give the opposition performance during this Budget debate about a "C" or a "D." I understand there's another member who has something important to say and I'm quite prepared to allow him to say it, although I would have preferred to have gone to 1:00 o'clock.

MR. DEPUTY SPEAKER: The Member for Arthur.

MR. J. DOWNEY: Thank you, Mr. Speaker. Mr. Speaker, never has it taken so long to say so little by any Member of the Legislative Assembly than the record of this particular Assembly.

Mr. Speaker, I did not hear the Minister of Finance give one positive piece of evidence or support for what he's doing. I heard him criticize personalities in the opposition. I heard him tell about the kinds of straw men that he thinks are there to be knocked down. Not once did I hear a positive statement come out of the Minister of Finance who is supposed to have a responsible job in defending his own document, the Budget.

Mr. Speaker, it has been a disappointing speech that I've just heard, as was the First Minister's yesterday, extremely disappointing. Not only disappointing, but misleading, and I believe truly a demonstration of the inability of this government and its Ministers to govern and give direction to this province.

Mr. Speaker, I want to make reference to a very special friend in my lifetime and a very special person, I should say. That was my grandfather, who I had a lot of respect for. In my early years, in being associated with him, he always pointed out to me that when a government was bringing down its Budget Address, that it was a very important document and people should pay attention to it because it indicated the direction, the kind of economic policies, and really where we were going as a country or as a province. It should show that the province or the government has confidence in itself, confidence in the people and an ability to provide the kind of economic climate that we all should do fairly well in.

Mr. Speaker, this government has failed. The Minister of Finance has failed, and I believe that what we should have heard come from the Minister, particularly following on what they call an Election Budget, some of the kinds of comments that would have been useful to people who want to invest, want to make Manitoba a better place, and he had the responsibility to come forward with some positive ideas or a look into the future and some direction from that Budget, but it wasn't there, Mr. Speaker, it wasn't there.

What is happening today in Canada? We are seeing again, a move in the interest rates to an increased level. We are seeing a dropping in our dollar, Mr. Speaker. I tell you, Mr. Speaker, there aren't many people in society today that are going to invest anywhere with confidence, without particularly a government that pride themselves in being such a great government, why they haven't told us what their predictions are as far as interest rates are concerned. Where is our dollar going to end up? What is the future in the next year as far as the impact that higher interest rates will have? We have learned that lesson, Mr. Speaker, as investors. The people of Manitoba are not going to get caught again.

But we heard absolutely nothing, Mr. Speaker, from this Minister of Finance, pointing out to us and the people of Manitoba what his predictions are, what the impact of one or two percent interest rate will mean to the average investor or the person in society who wants to create or develop another job opportunity for one of the thousands of unemployed people in this province. Not one positive suggestion, Mr. Speaker, coming from this Minister of Finance or the First Minister or any of his Cabinet Ministers who had enough nerve to stand and speak on this document, Mr. Speaker. I think it is a disgrace. I think it is a disgrace that we did not have the Minister of Finance stand in his place and give us

some kind of an indication where they think, where the economic people in his department think this whole thing will lead to and yet he expects people to invest in the Province of Manitoba, and reprimands the opposition for not having anything positive to say. What did he have positive to say, Mr. Speaker? What did he have positive to say? He couldn't even defend his own Budget, but to defend and degrade the members of the opposition.

Mr. Speaker, we do have a serious situation in Canada today, and I don't believe the predictions of this government are that we are in an improvement in our recession. In fact, I think that because we're seeing higher interest rates coming about, seeing a lower dollar and the kind of pressures that are going to be put on us as Canadians and Manitobans, I don't think we're going to get out of the recession. I don't think the debt that is being imposed by this particular government is going to be paid off by new capital investment and new development for taxation areas through our resource developments. I don't see it, Mr. Speaker, and I'm sorry that I don't. I'm sorry that I don't. It's not a negative speech, it is a comment that I think is realistic. I think it is very realistic in face of the current national and international situation that we're seeing around us.

Who, Mr. Speaker, would go out on a limb and invest money, major amounts of capital, in an unsure money market? Not very many people, Mr. Speaker, will do that, and I warn this government not to be overly optimistic about the kind of private investment that he thinks is going to take place. It is going to be Mr. Speaker, very difficult to maintain the kind of economic climate that I think people can survive in without taking any extra risk. I think it will be a sit tight situation and no expansion will take place by major investors or even smaller investors who make up the greater part of our industry and our businesses.

What has really happened in our society? What has really happened in the last few years in getting us into a recession and then getting us out? What happened is, Mr. Speaker, we saw an extremely high increase in interest rates and it caught people in a difficult situation. They paid the price. Individually, I don't think many people have the confidence that it takes to go out and make major new investments for job opportunities. They aren't going to do it, Mr. Speaker, but the big problem is - and again demonstrated publicly and almost advocated publicly by this government - that it's okay for government to do it, that the government are quite legitimate and piling again on the backs of the people of Manitoba another \$500 million deficit to pay interest on, to repay at some point and they're almost gloating over it. They say it's an election Budget, that it's the kind of document they're quite prepared to go to the people with.

Mr. Speaker, the Provincial Governments and the Federal Governments have to get their government spending under control because it is burdening and weighing everyone into the ground. After you make an income in today's society what do you face? You face an never-ending first of government demands on the taxpayers for more money, whether it's income tax, whether it's gasoline taxes, all forms of taxation, Mr. Speaker, are burdening the people to where they are going to at some point give up unless governments say we have to, in a major way, become responsible

with the taxpayers' money. This government in - as one of my colleagues said the other day - almost with a structured deficit now will become an acceptable thing. That won't become an acceptable thing because the taxpayers will not stand for it.

Mr. Speaker, the thing that was left out by some of my colleagues as well and that is, we are sitting on a time bomb as far as the economic affairs of the province under the NDP, but what has to be said is there is a proven group of people who proved themselves after the 1977 election that can take care of the people of Manitoba, can take away those kind of time-bomb threats and economic problems - the policies that we can put forward - we as a Progressive Conservative opposition will put forward after the next election, will take away the threat of the economic blow-up, the economic time bomb that we're sitting on. We commit to the people of Manitoba that we will give them a responsible kind of government that they deserve.

Mr. Speaker, there has been a long-time saying in Manitoba, one which I have remembered from many many people, and they haven't been classy or well-noted people - I'm sure they've just been the average person - but they understand this kind of a saying. That is, as the industry of agriculture goes in Manitoba, the economy of agriculture goes, so goes the province, Mr. Speaker.

Let me just point out what has happened within the industry of agriculture as it is demonstrated by a table in one of the Minister of Finance's fancy tables in the Budget, and it's on Page B39, and let's look at what has happened as far as the incomes. It's got a table - incomes and inflation. We have farm cash receipts 1979, a percentage increase - that was, of course, during our term of office - of some 15.6 percent; 1980 we saw an increase of 11.9 percent; 1981 the last term of our office, Mr. Speaker, of 13.8 percent.

Let's go to 1982 and 1983 and the message in this, Mr. Speaker, is that the cash flow, the incomes of farmers has dropped dramatically. In 1982 it dropped to a 3.1 percent increase and in 1983 a 4.8 percent increase, just a tremendous reduction in the kinds of moneys that are available to the farm industry. Mr. Speaker, it hasn't been dealt with as this government are trying to tell us that it has. I am predicting, Mr. Speaker, that the province, the provincial economy will continue to slide until the economic base of our agricultural industry improves and there are no signs in today's society that they are improving, and this government is failing to do anything meaningful to give support to that particular industry.

Further to that, Mr. Speaker, as recent as the January figures on farm cash receipts are concerned - this is January 1984 - Manitoba's farm cash receipts declined 11 percent for the month of January in 1983-84. Continuing indications, Mr. Speaker, that our farm community is in trouble and when our farm community is in trouble so is our province and this government will not realize it and do anything about it.

Mr. Speaker, we see a record increase of bankruptcies since 1981 of 400 percent in our farm community. We see not only that, Mr. Speaker, but we have unadvertised farm closures and demonstrated by the record number of farm auction sales that have been held in Manitoba this spring, people who have gracefully decided to leave the industry and not be forced out of business by some of the hard harsh banking industry people in this society.

That, Mr. Speaker, is a demonstration that we haven't seen the turnaround that this Minister of Finance and this Premier keeps telling everyone about. It isn't there and they better come to the realization that it isn't and be prepared to continue to support not only that industry but to repriorize some of the way in which they spend their money, Mr. Speaker.

Mr. Speaker, I think it is time that the people of Manitoba were treated with some modesty and some reality and provided some trust from this government, but it isn't there either. All we have heard this government do in the last few weeks, and I'm surprised that we haven't seen more money in health for it because I'm surprised that every member of the government hasn't got a broken arm from patting themselves on the back. I am, Mr. Speaker, somewhat surprised at the kind of government that we have seen and the way in which they continue to try and promote the kind of ill-conceived ideas that comes from their socialist-thinking programs.

Mr. Speaker, I think we have to again look at some of our policies and past policies and current ideas of the Progressive Conservative Party because that, in reality, is the kind of policy that will make Manitoba and bring it back into the kind of mainstream of development that we all want to see.

Mr. Speaker, I will name not only one policy, but several policies. During the Progressive Conservative Party we saw some regulation changes that made Manitoba competitive in the development of our oil industry. We saw record drilling in the last few years because, Mr. Speaker, there were policies put in place that made us competitive with Saskatchewan and Alberta. What has happened under the New Democratic Party? What has happened under the New Democratic Party and the Progressive Conservative Party of Saskatchewan and Alberta? Because they weren't getting the kind of activity in Saskatchewan they made some changes as well and now they are completely free of taxation for at least one year on new oil wells in Saskatchewan. I live in the middle of the oil-development area and the oil well drilling activity has come to almost a standstill, Mr. Speaker, because of the fact that government is easier on the people who want to invest in Saskatchewan than it is in Manitoba. Record development in Saskatchewan and the dropping off again in Manitoba, Mr. Speaker. — (Interjection) — The Attorney-General says they'll always go where the oil is.

Mr. Speaker, the oil has been in Manitoba for the years the NDP Government were in office and they didn't come because the policies weren't there to encourage them. We encouraged them, Mr. Speaker, by reasonable policies. Mr. Speaker, I think this government if they want to continue the kind of activity in the oil fields that we have created as our Progressive Conservative Government did, they had better review their current policies or there won't be enough oil to put in that pipeline that they're proposing.

Mr. Speaker, let us really get into the philosophical side of it because this government is so bound and bent that any time something happens the government have to get involved. I made mention of the pipeline. You know, they felt compulsion to get in at 25 percent ownership in the pipeline. Why do we as Manitoba taxpayers have to own 25 percent of a pipeline? First

of all it's going to be built in the wrong place. It isn't going to be built to collect all the oil.

Mr. Speaker, let us talk about the hydro for a few minutes and the aluminum plant that is being proposed. Why are we compelled, as taxpayers, to own 50 percent of aluminum plant? Why would we want to take our advantage away as the ability to maximize our revenue on water rentals because we'll have a conflict of interest, we're going to charge ourselves. I would think Alcoa would love to attach to us because it's going to set them, a multi-national, in a good situation. Mr. Speaker, the government better review what they're doing because it isn't in the best interests of Manitoba.

Mr. Speaker, I believe that we have a government who are somewhat not honest with the people of Manitoba and the people who they are dealing with. On one hand you see Ministers of the Crown, anti-American, being part of a flag-burning ceremony against the United States, turning around, Mr. Speaker, and going begging them to invest in this country. Why aren't we looking after, Mr. Speaker, our resources to the best interests of Manitobans? We are not, Mr. Speaker. Under the philosophical approach of the New Democratic Party, all Manitobans are not benefiting to the maximum.

Let us talk briefly about health care. How many weeks did we see, day after day, Mr. Speaker, the health system in Manitoba in crisis? The Free Press, day after day carried an article of health in crisis, people not getting the services that are required. How many times did you see that under the Progressive Conservative Party, under our government? You didn't see it once that health was in crisis. You heard the Member for Ste. Rose standing up, complaining about sleeping on a tarp or two strips of bacon, a frivolous argument brought to this Legislature, but nothing meaningful in criticism; and then they come out and have the audacity to say they wanted to maintain the kind of health levels that we had given them. Mr. Speaker, they don't speak with a true tongue at all. In fact, they speak out of both sides of their mouth.

We have seen a Budget that has come in that has increased the cost of services and reduced services and still reduced them. We as well see a government that is corrupt, a government that has demonstrated the corruption that I don't think any Manitoban will tolerate. How about the sweetheart deals that have been written by one of the Deputy Ministers, as far as the Winnipeg Core Area is concerned? Lovely job to have them sit in and know all the specs and then go and form a company and be ready to receive all the goods from it.

My leader the other day brought forward another situation where a contract, or the individual worked for the province and then resigned and set up a company to run and to get benefits from that particular contract.

Mr. Speaker, let us take a look at what has happened at Brandon in the McKenzie Seeds issue and we still don't know what all is involved there. The Minister who was supposed to be responsible for McKenzie Seeds hasn't said one thing to clear his own name or the suspicion about him.

What about the degradation or the tearing down of the President of the University of Brandon? There hasn't been one sound fact that they've had to destroy that man's reputation and to destroy the facility and the

reputation of that facility, and what has the Minister of Education done? It's the responsibility of the board.

What did the Attorney-General do when Jimmy Mann went on the hockey ice and hit somebody? He said, "Oh that's immediately the government's responsibility to charge that individual." Yes, we'll charge him, Mr. Speaker. That's the government's responsibility when a hockey player goes out and has a fight.

Mr. Speaker, Mr. Speaker, where are their priorities, when a hockey player does something wrong, they're ready to act, when the whole education of a whole university is at stake, they say it's somebody else's responsibility. Where are their priorities, Mr. Speaker? Where are their responsibilities and why don't they come to their senses? This Budget, as I said, is another indication that the people of Manitoba will not tolerate a built-in deficit for their children who are to be born and who have to burden the irresponsible actions of this government, and they will not tolerate it.

Mr. Speaker, I would like to touch again on the agricultural industry because, as I have indicated, it is so important to Manitoba that the agricultural industry be healthy. What did we see this government do? I will compare directly to policies that we had in place and they hollered, what were our policies? We implemented a policy to remove any provincial road tax or the road taxes on gasohol produced in Manitoba.

We said we will encourage the production of fuel from agricultural production and the use of that material that is produced in agriculture. Yes, Mr. Speaker, we did, and what do we see in Minnedosa today? Thirty-some people employed in a distillery to produce alcohol for gasohol, but here the Minister of Finance comes along and he says, ah ha. Here is again a demonstration of how this Minister of Finance thinks, here's what he says about the farmers. In fact, he goes so low and tries to make this story, that he's now saying that every farmer in Manitoba has \$6,400 per farmer spent on highway construction. He singles the farmers out. He says, on Page 17, that every farmer has a \$6,400 use of the road system. That's what's being spent on his behalf.

My goodness, what kind of thinking would force a Minister of Finance to hold the farmers out and say you're getting \$6,400 per road; that's your part of the road system, don't complain to me farmer. On the other side, he goes at the farmer and says because you're producing grain, you're producing barley or corn, and there is an industry that is taking that grain and that corn and creating jobs and creating energy to help this whole economy, we're going to get you and we're going to increase the gasohol tax; a direct attempt to discourage the production of agriculture and the use of their commodity to better this system. Why does he do those kind of; the word is "stupid." I thought I would never have to use it, but it is a very, I think, obvious indication of what he thinks about the agriculture community.

There's another one that has to be brought out as well, and I can tell you right off there's going to be criticism come and say, well, Saskatchewan are doing it. Are you criticizing the Conservative Government in Saskatchewan? Let me point out that they are increasing the locomotive fuel tax in Manitoba, as did Saskatchewan. Have they checked and are they sure that, under the new Transportation Act, that the direct

charge to the railroads in taxation won't be passed onto the farmer in transporting his grain? Goodness sakes, the transportation of grain costs went up 35 percent at the Federal Government level because of what they've done, and now he's going to add to it with a fuel tax on locomotives?

Mr. Speaker, let's take a look at what he's doing. Thirty five percent increase overall is an increase for the transportation of grain and he immediately jumps on the backs of the railroads at what are going to transfer it over to the farmers. Sure Saskatchewan is doing it, but I think we all better take a pretty close look because I don't think the railroads are going to absorb that charge. I think they're going to pass it on to the people who use the railroads. They have traditionally done that. I think he better rethink some of the policies that he's putting in place.

There is another area that causes me somewhat of a concern. We were elected in '77, a lot of us were elected in '77. We brought in some policies and some ideas to develop some of the areas that needed major development in the province and I was proud to be a part of that, whether it was agriculture or whether it was the Hydro Grid, the smelter, the potash mine. Mr. Speaker, those were all good, new, fresh ideas, and I can assure you and the people of Manitoba that we have a lot more new, fresh ideas to give them to give hope and opportunities for our young people who so desperately need long-term, meaningful jobs.

What has this government brought forward in a new idea? I ask you and the people of Manitoba, what new idea have they brought forward to develop Manitoba? Well, the Jobs Fund and Homes in Manitoba, recycling Manitoba taxpayers' hard-earned money back through a bureaucracy to give back to the people of Manitoba. What new idea have they brought forward to encourage a base resource development, Mr. Speaker? I challenge them; I'll challenge them every time I stand to speak. What new idea have they brought forward that isn't totally dependent upon the taxpayers' money? What have they said we're going to develop in Manitoba? What new area have they got? Have they got any new thinking or are they as bankrupt as they're trying to make the province, of ideas?

I challenge them to bring a new idea forward. Thank God, Mr. Speaker, we went to work on the Power Grid because it maybe gave them the idea to go and sell power to somebody else. Thank God that we went to develop the potash mine because they maybe took a look at the development of a potash mine and thank God, Mr. Speaker, Alcan Aluminum came and looked at our power supply so they could go and promote a smelter; but what have they brought forward for ideas? Nothing, because they don't have the imagination; they don't have the confidence; they don't have the kinds of ideas that it takes to make a province great.

Mr. Speaker, I would hope that these people would put together some policies. I challenge them to put together some policies that would create long-term meaningful jobs so the 17,000 unemployed youth in Manitoba are going to go out and they're going to add something to our society because, believe me, they want to. They want to add something to our society; they want to build something that they're proud of and their children are proud of. They don't want to mount on the backs of other people for unemployment

insurance and that kind of benefits. Mr. Speaker, they want to add to our society in a meaningful way, and I challenge this government to bring forward policies that do, and quit promoting a Jobs Fund idea that is costing nothing but taxpayers money to advertise it. Mr. Speaker, the taxpayers are fed up with the kind of falsities that are coming from this particular government. I, Mr. Speaker, believe that it's important that we do stand up and put some positive ideas forward.

We have a population to be proud of, Mr. Speaker, we have a population to be proud of and we are proud of the people of the Province of Manitoba. We have millions of dollars worth of resource development to take place and to develop. That's the kind of ideas and the thinking you get that comes from the Progressive Conservative members on this side of the House. Mr. Speaker, if it had been for our ideas and our policy developments from '77-81 they wouldn't have one thing to work with; they wouldn't have one thing to work with. Thank God we did, Mr. Speaker. It's unfortunate that they weren't able to handle it in a responsible way.

Mr. Speaker, we have, as I said, people in Manitoba who are quite prepared to, and will continue to work for a better Manitoba. I believe that the Progressive Conservative Party in Manitoba will offer people, committed people, not people who want to get involved in corruption as we've seen this government involved in, a group of people, Mr. Speaker . . .

MR. DEPUTY SPEAKER: Order please.

The Honourable Attorney General on a point of order.

HON. R. PENNER: Yes, if I could draw your attention to the remark, I'm sure used, I would hope used, inadvertently by the Member for Arthur, accusing this government of being involved in corruption. That is unparliamentary and I would ask that it be withdrawn.

MR. DEPUTY SPEAKER: The Honourable Member for Arthur.

MR. J. DOWNEY: Mr. Speaker, I would take away the accusation that this government were involved in corruption, but apparently are allowing some form of abnormal kinds of situations take place within their administration, as have been demonstrated at McKenzie Seeds, and have been demonstrated in other areas. I, Mr. Speaker, think it is their responsibility to clean it up. I don't think the people of Manitoba, Mr. Speaker, will stand for it, and that, Mr. Speaker, I want to leave very plain on the record.

Mr. Speaker, I was indicating that we will have people who will provide themselves as the kind of alternative that the people want. I believe that we will continue to come forward with new ideas. There's no question that we aren't bankrupt of ideas as were the present administration. We do not believe in leaving with our young people a long-term deficit that has to be paid back, that will eventually force them into thinking that the government are the only people that can run up a deficit and no one else in society can.

I believe, Mr. Speaker, that our pioneers deserve the kind of retirement, the kind of health services and, I believe, that we, the Progressive Conservative Party,

Mr. Speaker, have proven we can give them that. They are also not fooled, Mr. Speaker, that there is no free medical service, there is no free medical service. The Minister of Finance continually stands in his place and says, "The payroll tax is a levy for health and education." Well that, Mr. Speaker, is a medical cost. It's an admission; it's a user fee on the workers of Manitoba. I'll compliment the Minister for taking it off those small businesses, but I won't compliment him because he should have taken it off everyone and it should have never been put in place, Mr. Speaker, and don't let him beg off and say the Progressive Conservatives want to reimplement health and education costs. He's the one that's implemented medical fees on the backs of those workers in Manitoba, Mr. Speaker. He is the one that implemented medical fees through the payroll tax.

Mr. Speaker, I believe firmly that the people of Manitoba are not, and I say this again, are not anxious to see this government carry on and make long-term agreements that could cost us higher hydro rates, increased taxation on the people of Manitoba to satisfy their philosophical, selfish needs. I say that, Mr. Speaker, because it was said yesterday and I've heard it before, that this government, through their administration costs and the hiring of people to protect their Ministers, to look after their administration advertising, Mr. Speaker, has far surpassed the kind of meaningful programs, the kind of meaningful services that should be put in place to protect the people in the health and workplace of many of our people.

Mr. Speaker, I believe that it is time, and I believe the people of Manitoba think that it is time, as again was indicated by many colleagues, to have an election; to have an election so that they can place their confidence in people who have proven they are capable, through their policies that can encourage meaningful employment and give our youth long-term job opportunities. Mr. Speaker, I believe it's important, as well - and this is something that I think has to be stepped on and stepped on immediately - and that is to continue to have Manitoba as a unified province. I don't believe that you should allow to have the separate government idea that's starting out in Camperville. If that is not stepped on that will spread, Mr. Speaker, or we will have a divided province. I believe all the people in Manitoba should be unified under the provincial jurisdiction. I don't believe in that kind of separation, Mr. Speaker, as I don't believe in the separation of Canada by province. I believe we should continue to work to unite our people in Manitoba and continue to unite our country as a nation and not allow the kinds of policies or the kinds of actions that will take away from that, Mr. Speaker.

I will conclude my remarks by saying that, again, it's extremely important that the policies that are put in place by any government have to foster the kind of productive energies, and to encourage the productive energies that can come from your agricultural industry and your manufacturing and your resource base. I believe that it's imperative that those kind of industries be fostered and encouraged so that the funds can be used to continue to provide the kind of health and education that we have enjoyed in this country. I don't believe there's one Progressive Conservative person in Manitoba that would disagree with that. I think it is

our responsibility, as taxpayers, to continue to support that kind of a system, and I don't think anyone will be fooled by this New Democratic Party by saying that we want it eroded or that our priorities are anything different.

Mr. Speaker, I challenge this Minister of Finance, to relook at his Budget that he has introduced, to relook at it and to make changes that are going to put the administration support staff in a different category than the needs of the people of Manitoba; that the needs of the people of Manitoba are greater than the ministerial needs who have got support staffs that have never had such numbers in this province. If, Mr. Speaker, he is unable to do so then, as many people have done in this debate, and will continue to do, I challenge him to call an election on this Budget because, Mr. Speaker, that's what they're calling it. That's what the House Leader called it, the Government House Leader called it, he said it was an election Budget. I challenge him to go to the people on this Budget.

MR. DEPUTY SPEAKER: Order please, order please.

In accordance with our Rule 23 (5), the question will now be put.

The question before the House is the motion of the Honourable Leader of the Opposition. Do you wish the motion read?

THAT the motion be amended by deleting everything after the word "House" and substituting therefor the following:

Regrets that in presenting its Budget, the government has:

- (1) Failed to take concrete steps to reduce the unacceptably high deficit level in this province.
- (2) Ignored the needs and concerns of the farmers of Manitoba.
- (3) Given no indication of a plan of action to restore confidence in the private sector of Manitoba.
- (4) Utilized tax dollars to advertise and promote in a blatantly partisan manner its woefully inept Budgetary policies.

QUESTION put on the Amendment, MOTION lost.

MR. H. ENNS: Ayes and nays, Mr. Deputy Speaker.

MR. SPEAKER: Call in the members.

A STANDING VOTE was taken, the result being as follows:

YEAS

Blake, Brown, Doern, Downey, Driedger, Enns, Filmon, Graham, Hammond, Hyde, Johnston, Kovnats, Lyon, Manness, Mercier, Nordman, Oleson, Ransom, Sherman, Steen.

NAYS

Adam, Anstett, Ashton, Bucklaschuk, Carroll, Corrin, Desjardins, Dodick, Dolin, Evans, Fox, Harapiak, Harper, Hemphill, Kostyra, Lecuyer, Mackling, Malinowski, Pawley, Penner, Phillips, Plohman, Santos, Schroeder, Scott, Smith, Storie, Uruski, Uskiw.

MR. CLERK, W. Remnant: Yeas 20; Nays 29.

MR. DEPUTY SPEAKER: I declare the motion lost.

On the proposed motion of the Honourable Minister of Finance, that this House approve in general the budgetary policy of the government.

QUESTION put, MOTION carried.

MR. H. CARROLL: Yeas and nays, Mr. Speaker.

MR. SPEAKER: Does the member have support? (Agreed) Call in the members.

A STANDING VOTE was taken, the result being as follows:

YEAS

Adam, Anstett, Ashton, Bucklaschuk, Corrin, Desjardins, Dodick, Dolin, Evans, Fox, Harapiak, Harper, Hemphill, Kostyra, Lecuyer, Mackling, Malinowski, Pawley, Penner, Phillips, Plohman, Santos, Schroeder, Scott, Smith, Storie, Uruski, Uskiw.

NAYS

Blake, Brown, Carroll, Doern, Downey, Driedger, Enns, Filmon, Graham, Hammond, Hyde, Johnston, Kovnats, Lyon, Manness, Mercier, Nordman, Oleson, Ransom, Sherman, Steen.

MR. CLERK: Yeas 28; Nays 21.

MR. SPEAKER: I declare the motion carried.
The Honourable Government House Leader.

COMMITTEE CHANGE

HON. A. ANSTETT: In regard to House business next week, there are committee meetings on notice in the

Notice Paper for both Tuesday and Thursday. We would anticipate that the first item to be taken into consideration on Monday would be the report of the Standing Committee on the Rules of the House, followed by Committee of Supply to deal with the first non-budgetary Capital supply, which is the \$92 million Capital Supply item.

Subsequent to the passage of that, if that occurs on Monday, we would propose that we would then start in the list of departments for Main Supply Estimates in the House in the following order: Natural Resources, Education, Health, and in the committee section of the Committee of Supply, the order chosen by the opposition, Attorney-General, Highways, and Municipal Affairs.

I would ask members to note that the order for in the House is changed slightly; it was Natural Resources, Health, Education. As I advised the Opposition House Leader a day or so ago, we're allowing the Minister of Education to precede the Minister of Health in the House Committee. Other departments will be announced as we proceed.

Unless there are any questions from the Opposition House Leader about that outline of business for next week, Mr. Speaker, other than to say other than the motion standing in my name with respect to the Standing Committee on the Rules of the House, I would expect that most of the House's time next week would be spent in Committee of Supply on those three departments in both sections.

So, Mr. Speaker, I would then move, seconded by the Minister of Health that the House do now adjourn.

MOTION presented and carried and the House adjourned and stands adjourned until 2:00 p.m. on Monday afternoon.