

LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, 19 March, 1987.

Time — 1:30 p.m.

OPENING PRAYER by Madam Speaker.

MADAM SPEAKER, Hon. M. Phillips: Presenting Petitions . . . Reading and Receiving Petitions . . . Presenting Reports by Standing and Special Committees . . .

MINISTERIAL STATEMENTS AND TABLING OF REPORTS

MADAM SPEAKER: The Honourable Attorney-General.

HON. R. PENNER: I beg leave, Madam Speaker, to file the Annual Report under The Fatality Inquiries Act of all institutional deaths for the year 1986 and the cause thereof.

I have reports from the Court of Queen's Bench and the Court of Appeal, under the provisions of The Controverted Elections Act, showing that there were no controverts before either one of those courts during the year ending December 31, 1986.

MADAM SPEAKER: The Honourable Minister of Industry, Trade and Technology.

HON. V. SCHROEDER: Thank you, Madam Speaker.

I'd like to table the Annual Report from the Manitoba Development Corporation for the year ended March 31, 1986.

MADAM SPEAKER: The Honourable Minister of Highways and Transportation.

HON. J. PLOHMAN: Yes, Madam Speaker, I have a ministerial statement.

Today, as Minister of Transportation, I presented the Manitoba Government's position on Bill C-18 and Bill C-19 to the Federal Standing Committee on Transport. These bills contain the Federal Government's sweeping legislation on deregulation in the transportation sector. If enacted, they will have the most far-reaching consequences on transportation services this country has seen since the building of the Trans-Canada Railway.

The Government of Manitoba has for years promoted positive change to the existing legislation to allow the transportation industry to play a more significant role in economic development and to provide captive shippers increased protection in the marketplace. In advocating change, we have not supported deregulation. Regulatory controls are mandatory in the absence of a mature and uniform mix of industry and competition as is the case in Canada.

We have major concerns with the legislation as it is presently proposed.

We believe that the Canadian truck and rail companies will be placed in an unfair position, unable to compete with the large U.S. carriers. This would

jeopardize many of Manitoba's 30,000 jobs in the transportation industry.

Because of the deregulated environment imposed upon them, Canadian Railways have already announced their intention to dismantle at least half of Canada's rail network, and CN plans to lay off 15,000 employees across Canada in the next five years. If this is allowed to take place, enormous costs will accrue to the provinces and municipalities because of rail line abandonment and through loss of employees and their families.

The air industry is also in a process of consolidation resulting in lost jobs. The lack of fairness in the proposed legislation will have long-term implications for small shippers and communities throughout Manitoba who do not have access to a competitive marketplace. This will have grave consequences for regional economic development potential here in Manitoba.

But most seriously of all, because of the undue haste of the Federal Government to impose deregulation on Canadians, we believe safety will be sacrificed.

In our past presentations to the Federal Government and through the Council of Ministers, and again this morning, we have proposed a number of specific measures to guarantee fairness and maintain safety in the transportation sector:

We have requested the Federal Government to pursue an agreement on trade in transportation to guarantee a maximum Canadian content in transportation within our borders in order to place Canadian carriers on an equal footing with U.S. carriers and protect Canadian jobs.

We have reiterated our demand for orderly development and implementation of a national safety code with effective enforcement measures. Such a code would regulate hours of work and equipment conditions to prevent a serious deterioration of safety on the nation's highways. We believe the development of this code must be funded by the Federal Government and must be in effect prior to the implementation of deregulatory changes.

We have made strong recommendations to protect the provinces and municipalities from the effects of rail line abandonment and to protect the levels of services for small shippers in rural and Northern communities.

We believe that with the dramatic changes being proposed, a time for adjustment and evaluation must be provided. This interim period would ensure a flexible approach to the needs of the industry, its employees and our communities.

Our government will continue to work, as we have in the past, with other provinces and the territorial governments to develop to the extent possible common positions on major issues to protect the viability of our transportation industry.

It is my privilege today, Madam Speaker, to table our submission in the Legislature. I ask for the support of all members in our efforts to convince the Federal Government to adopt a more orderly, rational and fair

approach to regulatory change in our country. There is simply too much at stake.

MADAM SPEAKER: The Honourable Member for Minnedosa.

MR. D. BLAKE: Thank you, Madam Speaker. We thank the Minister for his statement today, and note that he'll be tabling his submission that we will be able to study in some depth.

Madam Speaker, we too on this side of the House have some concerns about deregulation. Those of us in rural areas know what rail line abandonment has done to some of the rural constituencies and road abandonment that this government seemed to have undertaken also, at the same time as rail abandonment. We're also well aware of the members opposite's feeling for the CNR. Madam Speaker, as I said, we have some concerns with deregulation, but there are also many savings built into deregulation for the consumer, and those concerns also have to be taken into consideration.

We thank the Minister for his statement, and we'll be taking a further position on it when we've had time to study his submission and the further implications.

MADAM SPEAKER: The Honourable Minister of Culture and Heritage Resources.

HON. J. WASYLICIA-LEIS: Thank you, Madam Speaker.

I have the privilege of presenting the Annual Report of Manitoba Culture, Heritage and Recreation for the fiscal year ending March 31, 1986.

MADAM SPEAKER: The Honourable Minister of Municipal Affairs.

HON. J. BUCKLASCHUK: Thank you, Madam Speaker. I have a ministerial statement.

Madam Speaker, I am unable to make a full statement today with respect to certain matters related to MPIC. Unfortunately, I was committed to meetings along with members opposite this morning on the question of assessment until some time this afternoon.

I requested a full review and an early report on the question of reinsurance and retrocession transactions by MPIC and the provision for anticipated liabilities.

I've not had the opportunity to review carefully the media stories relating to this matter and, once I do so, I shall respond in detail. We have been completely open at all times about the financial affairs of the corporation. A brief review of the MPIC Annual Report, just tabled a few days ago, sets out in sometimes painful detail the financial affairs of the corporation.

I've asked the Government House Leader to seek the earliest possible meeting of the House Standing Committee on Public Utilities and Natural Resources so that the financial report of MPIC and all matters pertaining thereto can be considered by members of this House. And I understand that the committee will be meeting Tuesday morning.

It is my hope that I will have a full statement responding to certain charges made by the former president of MPIC as soon as possible.

MADAM SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: Thank you, Madam Speaker.

I thank the Minister for making this statement, an acknowledgement partially of the very serious situation in which he finds himself as a result of misleading information that has been given both inside this House and outside this House, not only by him but indeed by the government with respect to a very serious issue of a loss of well over \$36 million in reinsurance by the MPIC in going into another high-risk venture, contrary to the principles of operating a public utility at the best advantage of the people, the ratepayers of that utility, but rather getting into a major area of loss, potential risk, as a result of the manner in which he and his colleagues dealt with the Manitoba Public Insurance Corporation.

But the problem that I have with his response is that he is asking for some sort of internal investigation into the matter. Madam Speaker, we are having the person who is responsible for all of the problems, the misinformation, the deceit, being in charge of an investigation. We have the fox being in charge of the chicken coop, Madam Speaker, and that will not do.

Madam Speaker, the Minister says that there are some small details that he wants to look into in terms of media reports, but let me just put on the record the concern that we have that will require a very major and full inquiry into this matter which must be commissioned by the Premier in the absence and with the removal of the Minister responsible for the Public Insurance Corporation.

A full, thorough and complete investigation cannot be entered into as long as this Minister remains in charge of the Public Insurance Corporation because, among other things, he stands accused, accused by the former president and accused by a former director of the Public Insurance Corporation, of ordering a cover-up to keep under wraps the massive magnitude of the losses of the Public Insurance Corporation under the reinsurance schemes in which they were involved.

That cover-up, prior to the last election last March, was apparently ordered by this Minister. Under those circumstances, we can't have him in charge of an internal investigation into this affair. His board of directors stand accused of having instructed that all of the discussions with respect to reinsurance be kept out of the minutes of the Public Insurance Corporation's board meetings. That kind of allegation, that kind of information, cannot be subject to an internal investigation under the responsibility of this Minister. As long as he remains in place, we cannot expect to get at the truth of that matter.

Madam Speaker, this Minister has said that he was unaware until October of 1986 of this reinsurance problem. Madam Speaker, we will demonstrate very fully that the reinsurance issue was discussed at the committee meetings in April of 1985 and again in July of 1986, and he claims that he had no knowledge until October of 1986.

Further, the Minister states that the Opposition never raised it to his attention until this point in time, that it's our fault for having done it. Madam Speaker, I again am prepared to prove before you, or any public investigation, that the matter was raised by the Opposition in April of 1985 and again in July of 1986, and this Minister stands accused of misleading the House and misleading the public on that matter.

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please, order please.

May I remind honourable members of our Rule 19.(4) which says, "... a spokesman for each of the parties in opposition to the government may make a brief comment with respect to the announcement or statement and the comments shall be limited to the facts which it is deemed necessary to be made known to the House and should not be designed to provoke debate at that time."

MR. G. FILMON: Madam Speaker, you're absolutely correct, and I will just conclude by stating that an internal investigation under the conduct of this Minister, who is the person responsible, who has caused the cover-up, who has caused the problem, and who has made the conflicting and misleading statements, will not suffice. We do not intend to accept from this Minister his assertion that he can fix the whole thing by having a little investigation.

Unless we have a full and complete public inquiry ordered by this Premier, we will not accept it and we will not be in a position - in fact, the integrity of the government is at stake on this issue.

MADAM SPEAKER: The Honourable Minister of Co-op Development with a ministerial statement.

HON. J. COWAN: Madam Speaker, I believe I heard, and I could stand corrected, the Leader of the Opposition suggest that the Minister of Municipal Affairs was misleading the House. As you are aware, that is unparliamentary language, and is referenced on page 109 of Beauchesne. I would ask that the Leader of the Opposition withdraw those statements.

SPEAKER'S RULING

MADAM SPEAKER: I'll take the Honourable Minister's point of order under advisement. "Misleading" is listed in our rules as both parliamentary and unparliamentary, and certainly one cannot accuse a Minister of deliberately or intentionally misleading. That is definitely unparliamentary. I will wait until I see a printout of the Honourable Leader of the Opposition's actual words and report back to the House.

Notices of Motion . . . Introduction of Bills . . .

ORAL QUESTIONS

MPIC - reinsurance losses

MADAM SPEAKER: The Honourable Member for Pembina.

MR. D. ORCHARD: Madam Speaker, my question obviously is for the Minister responsible for the Manitoba Public Insurance Corporation.

Madam Speaker, can the Minister inform the House when he was first informed by staff and/or board members of the reinsurance portfolio losses?

MADAM SPEAKER: The Honourable Minister responsible for MPIC.

HON. J. BUCKLASCHUK: Madam Speaker, I will take that question as notice and review my notes, but I should indicate that it was I who raised the question with the former general manager almost within a month of assuming my responsibilities for MPIC, not the other way around.

MPIC - reinsurance losses - misinforming the House

MR. D. ORCHARD: Then, Madam Speaker, can I assume from that that the Minister misinformed the House when he said he had no knowledge of the reinsurance portfolio losses until October of last year, when he raised it approximately, assuming from his answer, in October in 1984, some two years earlier?

HON. J. BUCKLASCHUK: Madam Speaker, I think if the member checks Hansard, I at no time had indicated that I was not aware of reinsurance losses. These had been taking place since 1977. What I did say was that I was not aware of the extent of the losses. These losses did not materialize till later on, and they emanated from treaties that were entered into under the previous administration.

MPIC - reinsurance contracts cancelled

MR. D. ORCHARD: Madam Speaker, the annual report just tabled this week by the Minister responsible indicates that, in 1984, reinsurance contracts were cancelled and the business was substantially reduced. Can the Minister indicate to the House whether he was informed of this move by any staff member and/or board member of MPIC?

HON. J. BUCKLASCHUK: Yes, Madam Speaker, I certainly was informed that a number or most of the international treaties were cancelled in 1984. However, that doesn't mean that the losses stopped. Once you are into an agreement, those losses may take 5, 10 or 15 years to materialize, and that is precisely what the "incurred but not reported" provision is there for, to take care of the losses as they are reported to the corporation.

MPIC - retirement of President

MR. D. ORCHARD: Madam Speaker, a follow-up question to the Minister on his last answer, did the Minister attempt to leave the wrong impression with the people of Manitoba when he indicated that the former president quietly withdrew, leaving the impression that he did not know of the retirement from reinsurance in 1984? Was that an incorrect impression that he left with the people of Manitoba?

HON. J. BUCKLASCHUK: Madam Speaker, I'm having some difficulty understanding where the Member for Pembina has received his information from.

MR. D. ORCHARD: Madam Speaker, the source is his words outside of this House, because he didn't have

the integrity and the honour to give those kinds of answers within the Chamber.

MADAM SPEAKER: Order, order please. Order please.

All honourable members in this House are honourable members. Would the Honourable Member for Pembina please withdraw those last statements?

MR. D. ORCHARD: Absolutely, Madam Speaker, and if I may pose one last . . .

MADAM SPEAKER: The Honourable Member for Pembina with a question.

MR. D. ORCHARD: Thank you, Madam Speaker.

MPIC - reinsurance losses

MR. D. ORCHARD: Madam Speaker, my question again is to the Minister responsible for MPIC.

Did the chairman of the board of MPIC, one Leonard Harapiak, now MLA for Swan River and Minister of Natural Resources, in his term as chairman of the board of MPIC prior to the last election, ever inform the Minister as to the extent of the reinsurance losses faced by the corporation?

HON. J. BUCKLASCHUK: Madam Speaker, I'll have to take that question as notice. I don't recall whether the chairman had informed me of the extent of the losses, but I believe that by that time I had been given that figure by the former general manager.

MPIC - reinsurance losses - inquiry

MADAM SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: Thank you, Madam Speaker, my question is for the Premier.

Madam Speaker, the Minister responsible for MPIC has been accused by not only the former president of the Manitoba Public Insurance Corporation but a former director of the board of MPIC of ordering a cover-up of the massive losses due to reinsurance investment of the Manitoba Public Insurance Corporation so that information could be withheld from public attention until after last March's provincial election.

Will the Premier now order a full and complete investigation to clear the air on this matter to ensure that the integrity, what little of it is left, of this government is no longer in question, but is put on the table for all to see what were the actions of the Minister responsible and what role he had to play in covering up information that should have been made public about massive reinsurance losses at MPIC?

MADAM SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: I think it's very, very important indeed that all information be obtained, including the information that gave rise to the signing and the entry of treaties during the period of time of the Lyon administration from whence most of these losses have occurred.

It's for that reason, Madam Speaker, that the Minister has announced a meeting of the Committee on Natural Resources and Public Utilities for this Tuesday at 10 o'clock in the morning so that we can have a full and complete review of all pertinent information in regard to the question of reinsurance losses involving the Manitoba Public Insurance Corporation from 1977 right on up to 1984 when that kind of business was terminated in Manitoba Public Insurance Corporation

MPIC - reinsurance losses - date Minister informed of

MR. G. FILMON: Madam Speaker, I wonder if the Premier could indicate when he and the Cabinet were first informed of the massive losses due to the reinsurance section of MPIC.

HON. H. PAWLEY: Madam Speaker, I would have to take that question as notice.

SOME HONOURABLE MEMBERS: Oh, oh!

MPIC - reinsurance losses - inquiry

MR. G. FILMON: Madam Speaker, in view of the fact that the Minister responsible has indicated that the Opposition did not raise the issue of reinsurance previously in committee or in the Legislature, and in view of the fact that the Hansard of Thursday the 25th of April, 1985 indicates a question by the Member for Minnedosa in the presence of the Minister responsible, the current Minister responsible, a question posed to the then-president, Mr. Laufer, by the Member for Minnedosa, saying: "I wonder if the general manager could give us any indication of what the losses were on that portion of the reinsurance . . ." That was referring to the 1984 fiscal statement of MPIC.

At that time, Mr. Laufer responded: "The losses were in excess of \$4.8 million. In fact, before investment income, they were \$5.9 million." He was present for that, and he knew the concern.

My question then to the Premier is: In view of the fact that the Minister has obviously misinformed the public and misled members on this side of the House with respect to the fact that we had raised the issue previously, will he now cause a full and complete investigation to look into how we have gotten into this circumstance and what was the role of the Minister in this whole affair?

HON. H. PAWLEY: Madam Speaker, we know very well how we got into this situation. It was aggravated immensely, Madam Speaker, during the terms of the Member for Pembina and the Member for Lakeside when they were Ministers responsible for the Manitoba Public Insurance Corporation. So we don't require a public inquiry to find that out.

MADAM SPEAKER: The Honourable Member for Pembina on a point of order.

MR. D. ORCHARD: Madam Speaker, I wish the First Minister would not continuously attempt to mislead the

House. At no time was I Minister responsible for MPIC, and I would like him to get his research straight. With the 140 apple polishers he has, surely he would know who was Minister responsible during the Lyon administration.

MADAM SPEAKER: Order please. A dispute over the facts is not a point of order.

The Honourable First Minister.

HON. H. PAWLEY: Madam Speaker, I regret that I referred to the Minister then of Transportation being once the Member for Pembina; he was part of the Treasury Board. I then restrict my remarks to the Member for Lakeside, who was the Minister responsible for Manitoba Public Insurance Corporation when these treaties that led to these immense losses were first entered into.

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please, order please. Order please.

The Honourable Leader of the Opposition.

MR. G. FILMON: Madam Speaker, just for the edification of the Premier, we are not dealing with a question of . . .

MADAM SPEAKER: Order please, order please.

The Honourable Leader of the Opposition with a question. Question period is not a time for debate.

MR. G. FILMON: Madam Speaker, in view of the fact that the Minister responsible has misled the public by suggesting that the matter was never raised in committee - and I have read to him from Hansard that the matter was raised in committee in his presence - will he not cause a full investigation to determine what the role of the Minister was in covering up information on the reinsurance losses from the public?

POINT OF ORDER

MADAM SPEAKER: The Honourable Government House Leader.

HON. J. COWAN: Madam Speaker, "misleading the public" is definitely a citation in Beauchesne. I refer you to page 109, where it states very clearly that "misleading the public" has been ruled unparliamentary, the "Debates, February 1, 1960, p. 591."

MADAM SPEAKER: The Honourable Opposition House Leader.

MR. G. MERCIER: Thank you, Madam Speaker.

May I point out to you as well, Madam Speaker, that the word "misleading" also appears on page 112 of Beauchesne, where it is ruled that ". . . it has been parliamentary to use the following expressions." Surely you would agree, in these circumstances, it is a word that can and should be used.

HON. J. COWAN: On the point of order, very clearly the Leader of the Opposition said that he had misled

the public. The citation very clearly, on page 109, states "misleading the public" is unparliamentary. You will not find a similar phrasing in the area where it is found, those statements which are parliamentary. You will only find "mislead," "misleading," or "misled." You will find nothing in reference to the public.

Therefore, according to Beauchesne, that remark is clearly out of order, and I would ask that the Leader of the Opposition withdraw it.

MADAM SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: On the same point of order, Madam Speaker, I find it incredible when the House Leader should attempt to use Beauchesne to prevent me from telling the truth, because I have put on the record the difference between . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please, order please. Order please.

The Honourable Government House Leader.

HON. J. COWAN: Further to the Leader of the Opposition's withdrawal of the statement, "misleading the public," I would wish him to withdraw the statement where he impugned motives on my part that I was attempting, in any way, to prevent him from asking questions.

Very clearly, Beauchesne provides for certain words to be used in this Chamber. He has gone beyond the bounds that are provided for in Beauchesne and, like an honourable gentleman and member of this Chamber that he is, he should withdraw those words. Certainly, he is imaginative enough to find another way to make his point without having to use unparliamentary language.

As well, I would ask him to withdraw the comments he made in respect to my attempting to prevent him from asking questions. That is not the purpose at all.

SPEAKER'S RULING

MADAM SPEAKER: Order please.

May I remind the Honourable Leader of the Opposition that Beauchesne Citation 319.(3), where it says ". . . a Member will not be permitted by the Speaker to indulge in any reflections on the House itself as a political institution; or to impute to any Member or Members unworthy motives for their actions in a particular case."

Also, the Honourable Government House Leader is entirely accurate in terms of the term, "misleading the public." It's only cited in Beauchesne under unparliamentary phrases.

May I remind all honourable members that we have rules in this House which are to be strictly adhered to by all honourable members and that they are there to -(Interjection)- Order please, order. One of the rules is that members do not talk while the Speaker is speaking.

The rules are there to facilitate all members being able to express their opinion and to exercise their rights in this House. I would hope that we would all hold that

in high regard and follow the rules as they are laid out for all of us.

The Honourable Leader of the Opposition.

MR. G. FILMON: Madam Speaker, I will change my statement to suggesting that those comments that were made by the Minister have misled the readers of the newspaper in which they appear.

Secondly, Madam Speaker, I will, in response to the Government House Leader, suggest that his actions had the effect of preventing me from getting at the truth in this Legislature. That may not have been his intention, but that was the effect of his actions.

MADAM SPEAKER: The Honourable Government House Leader.

HON. J. COWAN: Firstly, Madam Speaker, let me be very clear. That was neither the intent nor the effect. If the Leader of the Opposition is so unimaginative and so inarticulate that he cannot rephrase a question so as to solicit the information which he requires, then that is not my problem. My duty in this regard is to make certain that this House abides by the rules as laid out in Beauchesne and the other parliamentary authorities, and the Rules, Order and Forms of Proceedings of the Legislative Assembly of Manitoba, and that is what I am attempting to do.

Having only attempted to do that and nothing more, I do not accept the apology as stated.

MADAM SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: On a question, Madam Speaker?

MADAM SPEAKER: No, on the point of order. Would the honourable member please withdraw unequivocally any imputation to the Honourable Government House Leader's actions?

The Honourable Leader of the Opposition.

MR. G. FILMON: Madam Speaker, I will simply say that I accept the statement that he did not intend to prevent me from getting at the truth.

May I ask another question?

A MEMBER: He didn't insult you.

MR. G. FILMON: I didn't insult him, either.

A MEMBER: Yes, you did.

MADAM SPEAKER: Order please, order please.

The Honourable Leader of the Opposition has indicated to my satisfaction that he has not impugned the motives of the Government House Leader and, in essence, withdrawn those remarks.

The Honourable Leader of the Opposition with a question.

MR. G. FILMON: Madam Speaker, my further question to the Premier is, given that there is an allegation, both by a former member of the board of directors and the former president, that the board was instructed to

remove from the minutes of the board meetings any reference to reinsurance discussions in the board meeting, will he not order a full and complete investigation into this very serious charge to ensure that the truth be known about whether or not there was a cover-up on the reinsurance losses for the past two years?

MADAM SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Madam Speaker, that would be one of a number of areas that the standing committee, I'm sure, would be most interested in pursuing at the meeting which is being called for next Tuesday morning at ten o'clock to deal with all matters, including those referenced by the Leader of the Opposition, as well as the history of the reinsurance involvement from 1976-77 right up to 1984.

MR. G. FILMON: Madam Speaker, one more time I ask the Premier about a very serious matter.

Given that the Minister has been accused by the former president and indeed a former director of ordering a cover-up on reinsurance losses; given that the board has been accused of asking that the minutes not reflect the discussions of the reinsurance aspect of the corporation's losses; given that the Minister has said that this matter was never discussed before committee or brought to the attention of the committee by the Opposition - I have proven otherwise today - and given that the Minister has further said that he was not aware until this past October 1986 of the magnitude of the reinsurance losses, yet information would indicate that he had much prior knowledge, will he not now do the honourable thing, take the Minister out of his responsibility for this portfolio and ensure that a full, thorough and complete investigation of all of the allegations, of all of the responsibilities for the cover-up, for the misinformation and the misleading information that has been put forward is now cleared, the air is cleared, so that the public knows whether or not indeed this Minister has taken his responsibilities and whether indeed he can be relied upon in future to run any aspect of this government's operation?

MADAM SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Madam Speaker, this Chamber ought not to react to innuendo or trial by way of newspaper headline.

What is most important, Madam Speaker, is that we do obtain all the information and it is for that reason that there will be a meeting as announced by the Minister on Tuesday morning at ten o'clock of the Public Utilities and Natural Resources Committee. All these questions can be posed at that time at that meeting so we can get to the bottom of all the information that is required in order that members can obtain a full and complete assessment and not one that is influenced by way of innuendo and allegations that may or may not be true.

MATTER OF PRIVILEGE

MADAM SPEAKER: The Honourable Leader of the Opposition.

Thursday, 19 March, 1987

MR. G. FILMON: Madam Speaker, I rise on a matter of privilege.

Madam Speaker, we have been discussing for some 35 minutes a matter that I believe is of great import to the people of this province and indeed to the integrity of this Legislature. I believe that I have sufficiently demonstrated, as has my colleague for Pembina, that the Minister responsible for MPIC has provided conflicting information and indeed misinformation with respect to many of the aspects of the discussion of reinsurance losses of MPIC.

There is reason to believe that he personally or others within the government have been responsible for a massive cover-up. There is reason to believe that they have instructed that the Board of Directors exorcise from the minutes any reference to discussions on reinsurance and indeed the massive losses with respect to reinsurance that were incurred over the past couple of years.

There is reason to believe, Madam Speaker, that this Minister had a great deal of information that should have been made public a long time before this. Under those circumstances, Madam Speaker, I believe that an internal investigation under the supervision of this Minister will not arrive at the information that must be made public. It will indeed enhance the opportunity for cover-up, enhance the opportunity for the public never to know the truth about this matter, and I don't believe that this government ought to be satisfied, nor should anybody in the public, with this kind of suggested review of the matter that the Minister is about to undertake.

I also believe that just as in accordance with MTX where the Public Utilities Committee hearings were not an adequate vehicle necessarily to get to it and ultimately the government had to appoint Coopers and Lybrand, an external audit firm, management consulting firm, to do the complete analysis and even then we didn't get at all of the information that should have been made public; because the Public Utilities Committee is only limited in the manner in which it can examine the issue. I believe that there is much more that must be done.

So, Madam Speaker, I move, seconded by the Member for Pembina, that the Committee on Privileges and Elections be called forthwith to investigate and report to the Legislative Assembly on whether the Minister responsible for MPIC has misled the Legislative Assembly.

MADAM SPEAKER: The Honourable Government House Leader.

HON. J. COWAN: Yes, Madam Speaker.

As you are aware, members sometimes raised so-called questions of privilege on matters which should be dealt with in other ways in this House. I believe this is a classic example of one of those occasions.

You are also aware, Madam Speaker, the question of privilege ought rarely to come before the House. It should be dealt with when it does come before the House with a motion with the power to impose a reparation or apply a remedy.

In this particular instance, Madam Speaker, we have this entire matter of privilege predicated upon the Leader of the Opposition's belief that he has and his

colleagues have sufficiently demonstrated that the information given by the Minister responsible for MPIC has been conflicting and misleading. I would suggest if in fact they believe that, they have not listened very carefully to the proceedings of the House this afternoon. It has been very clearly stated that the Minister responsible for MPIC, first in his statement and then in answers to questions, will be prepared to discuss this matter fully before the Standing Committee on Public Utilities and Natural Resources - a time for that committee of Tuesday morning.

I must add that we haven't decided as to exactly whether we'll start at 10:00 or 9:30 in the morning yet. That is a matter for further discussion between the Opposition House Leader and myself. But, on Tuesday morning, that committee will be meeting to discuss this particular item.

The Minister, in his statement earlier, indicated that he has always been open in providing information to members of this House and open in providing information to members of the public on this particular matter, and it is the Standing Committee on Public Utilities and Natural Resources that will continue that process of open and full provision of information and discussion of the issues.

For that reason, Madam Speaker, I believe the motion on the matter of privilege is out of order and should not be accepted. There are certainly other mechanisms already put in place for discussion of this particular item. There has been no demonstration that there has been either conflicting or misleading information. There is the other opportunity for the discussions.

As a matter of fact, if anything, Madam Speaker . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please.

HON. J. COWAN: . . . if anything, there may be a matter of privilege in respect to libels upon members and aspersions upon them in relation to Parliament and interference of any kind with official duties or breaches of privileges of the members. What we've seen from members opposite, while not libel upon the member, certainly is an aspersion upon the Minister responsible for MPIC based on the shallowest of arguments arising from a newspaper article. If they are so concerned about the allegations in that newspaper article, if they are so concerned about suggestions that others have made, let them attend the Standing Committee on Public Utilities and Natural Resources where we can continue the tradition of full and open debate and discussion on important issues such as this.

So, I would suggest, Madam Speaker, that in no way do they have a matter which fulfills the conditions of parliamentary privilege in this instance.

MADAM SPEAKER: As a matter of privilege is a very serious motion before the House, I will take this under advisement to see whether there is sufficient evidence of an alleged breach of privilege that's been presented to warrant giving the matter precedence over all other business of the House.

**MPIC - Laufer to appear
before PUNR Committee**

MADAM SPEAKER: The Honourable Member for St. Norbert.

MR. G. MERCIER: Thank you, Madam Speaker. A question to the Government House Leader.

In view of his statements, Madam Speaker, that the committee will be allowed the opportunity for a full debate and discussion of this matter on Tuesday morning. Would he agree that, if Mr. Laufer is prepared to give testimony before the committee, he will be allowed to do so?

MADAM SPEAKER: The Honourable Government House Leader.

HON. J. COWAN: Madam Speaker, as the Member for St. Norbert is aware, it is up to the committee in many instances to determine its procedures and the methods of operation.

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please.

HON. J. COWAN: I believe that would be a matter that would be more rightfully put before the committee when it begins its deliberations and its meetings on Tuesday. At that time, discussions can be undertaken to determine whether or not the committee wishes to proceed in that manner or any other manner which the committee may determine is appropriate within its mandate and within the rules of this House and the operations of the committee.

So let there be no suggestion that we're trying in any way to prevent any action from taking place or that we're trying . . . (Interjection)-

MADAM SPEAKER: Order please.

The Honourable Government House Leader.

HON. J. COWAN: . . . because that is simply not the case. We have very well established, and I believe productive and positive ways, to resolve questions as to how a committee should operate. The Opposition House Leader may full well, or any member of his caucus who is a member of that committee may full well want to bring that question to the attention of the committee on Tuesday when it meets. I am certain they will be given a full and open discussion at that particular time.

MADAM SPEAKER: The Honourable Member for St. Norbert with a supplementary.

MR. G. MERCIER: Madam Speaker, the Government House Leader would have us believe that the majority of members on the committee are government members, and that they are somehow going to decide this issue, independently of what the Premier and the House Leader and the members of caucus decides, Madam Speaker.

MADAM SPEAKER: Does the honourable member have a question?

MPIC - Minister member of committee

MR. G. MERCIER: The second question to the Government House Leader: Will the Minister of Natural Resources, who was a former Chairman of the Board of MPIC leading into the election in 1986, be a member of the committee or available to answer questions on his role in this matter on Tuesday morning?

HON. J. COWAN: Madam Speaker, today they have thrown Beauchesne and the Rules Book both out the window. They know full well that there is a Minister responsible for the portfolio. The Minister is the Minister responsible for MPIC. That is to whom questions in this House and questions in the committee are addressed. Any member of the committee, or in fact any member of this House, has the right to attend committee meetings and has the right to participate in the debate and the discussion at committee.

So to ask whether or not a particular member will be a member of the committee and whether or not a particular member will speak at a particular committee is out of order and frivolous at this particular stage.

SOME HONOURABLE MEMBERS: Oh, oh!

HON. J. COWAN: Methinks the Member for Pembina protests too much. Ask Mr. Miller. He knows full well from whence these losses originated. He knows full well the responsibility of his government, of which he was a member of the Treasury Bench in this regard.

MADAM SPEAKER: Order, order please.

Answers to questions should not provoke debate.

MPIC - discussed in ERIC committee

MADAM SPEAKER: The Honourable Member for St. Norbert with a final supplementary.

MR. G. MERCIER: Madam Speaker, thank you.

The image that the Government House Leader attempted to establish of full, open discussion on Tuesday morning seems to be dimming considerably, Madam Speaker.

I have a supplementary question for the Premier: Could the Premier inform the House whether the ERIC committee, composed of members like the Government House Leader and others, discussed during 1985 this question of insurance losses when Mr. Silver was appointed to the Board of MTS, to bring back that type of information to the ERIC committee? Was this whole area discussed by the ERIC committee of Cabinet during 1985?

MADAM SPEAKER: Order please.

The internal proceedings of a committee of Cabinet are privileged information.

The Honourable Member for St. Norbert.

MR. G. MERCIER: Madam Speaker, given the Government House Leader's suggestion that there will be full, open discussion and debate of this matter, and the question you raise is a matter - if the Premier wishes to raise a question of privileged communications, he can, but I invite him to answer the question.

MADAM SPEAKER: Order please.

We have certain rules that I'm impelled to follow, and one of them is seeking information about matters which are in their nature secret, such as decisions or proceedings of Cabinet. And advice given to the Crown by law officers, etc., and Cabinet committees fall into that category.

Native children - private adoption

MADAM SPEAKER: The Honourable Minister of Community Services.

HON. M. SMITH: Madam Speaker, yesterday I took as notice a question on the number of Native children adopted in non-Native homes. Between 1982 and 1984 of 243 Native children, 131 were placed in non-Native homes. In 1985, of 29 placements, 10 were in non-Native homes. In 1986, of 53 placements, 30 were in non-Native homes.

Madam Speaker, because of the court case, I could not speak freely yesterday about the specific case. I now would like to say that we are not at all satisfied with way the case was handled by Awasis Agency. The directorate has informed the agency they will be doing a very detailed review and make specific recommendations that we do expect the agency to comply with.

I would like to just draw to everyone's attention that it's really unwise to generalize in these particular cases. In this particular one, we were dealing with a case stemming from over a decade ago, when it was the practice of medical services to take Native children, place them in white homes with no legal approval and no permission by the family. We're dealing with the injustice and the fall-out of that. I do think that we want to work together cooperatively to assist the Native agencies in overcoming these decades of trouble, but I do think it's wrong to generalize on the basis of this one case and apply it to all Native placements and Native adoptions.

Native children - post-adoption services

MR. G. MERCIER: Madam Speaker, arising out of that answer I have a question for the Minister of Community Services.

Can she confirm or inform the House that under her department there are no post-adoption services, no services whatsoever provided by her department in post-adoption circumstances where Native children return to Native homes? In fact, people who have asked for funding have been referred to outside organizations for funding.

HON. M. SMITH: Madam Speaker, the question of post-adoption services is one that has not been addressed in the past. The agencies are building up their preventive supportive services to families. Families who have adopted Native children can access those particular services. There is an organization, a new organization which has approached the government for support and, in line with our general approach to deliver our services through the agencies and not by funding a multiplicity of separate agencies, we have asked them to go and approach these specific agencies with their request.

Min. of Community Services - withdrawal of accusations

MR. G. MERCIER: Given, Madam Speaker, that I was concerned yesterday in this House over a 13-year-old girl who had been raped, suffering from venereal disease, threatening suicide, and given that I've raised a number of these instances in the past out of a concern for the children, would the Minister withdraw her allegations she made outside of this Chamber that my remarks were racist?

HON. M. SMITH: Madam Speaker, I wish I could withdraw those allegations, but I do recall the member alleging that it was a nonsensical moratorium that we put on the removal of children from the province, from Native families, that was in place prior to 1983.

Madam Speaker, over 900 children were sent out of province and out of country, often with very little process, very little respect, for the rights or the feelings of the Native families. The people who did that did it with the best of intentions, but I think it's time that we all recognize - I think the allegation that Native families are somehow incapable of caring for their children or that our guidelines -(Interjection)- Madam Speaker, if the member opposite would clarify his comments and say he was referring to a specific case, but I did not hear his comment that way. I heard his comment as smearing the whole practice of trying to respect Native families and Native agencies in their legitimate concern and rights to be considered when it comes to the placement and care of their children.

MADAM SPEAKER: Does the Honourable Member for St. Norbert have a point of order?

MATTER OF PRIVILEGE

MR. G. MERCIER: No, Madam Speaker, I rise on a point of privilege, with a motion to follow.

Madam Speaker, the Minister has, in her answer, refused to withdraw her accusation or description of my questions during question period yesterday as being, "smacking of racist," and describing them as, "it's almost a racist assumption," and the questions go on. In support of that, Madam Speaker, having read some matters in Beauséjour, I will table the newspaper of today's Winnipeg Free Press, which contains the allegations she has referred to inside the Chamber.

Madam Speaker, for a number of years I've raised in this House questions of child abuse. They resulted in a study by this government last summer, and I reject totally and completely their accusation. I move, seconded by the Member for Sturgeon Creek, that this House request the Minister of Community Services to withdraw totally her description of the remarks of the Member for St. Norbert yesterday during question period.

HON. M. SMITH: Madam Speaker, I do not recall saying that comment in the House. I do recall acquiring that impression. I did say in the hallway that it seemed to me a blanket rejection of the moratorium on the deportation of Native children to me sounded racist.

Madam Speaker, I do withdraw, if that is the impression received by the member opposite, but it

was the interpretation that I honestly heard from his comments. I am very happy that is not his intent because I think the type of problem we're dealing with, with Native children, is going to take the wisdom, the support, the understanding and the hard work of all of us, Madam Speaker.

MADAM SPEAKER: Order, order please. Order please.

This matter has been raised at the earliest opportunity, and I will take it under advisement to see whether there's sufficient evidence of the alleged breach of privilege of the House that has been presented to warrant giving the matter precedence over all other business before the House.

The Honourable Minister on a point of order.

HON. M. SMITH: Madam Speaker, I never did use the word in the House. I think if you consult Hansard, you will find that factual.

MADAM SPEAKER: I will review Hansard . . .

HON. M. SMITH: And the intent was misunderstood. Perhaps I misunderstood the comments he made, but I wish you would also consult Hansard in that regard.

I am happy though to hear that the intent is not racist and that we share a concern to build better services for children.-(Interjection)- I can't withdraw what I didn't say. I do withdraw the understanding of it, that that was what was said in the House. I didn't say it in the House.

Madam Speaker, I withdraw the allegation.

MADAM SPEAKER: Order please.

I recognized the Honourable Minister to respond to exercise her rights under our rules on a privilege, a motion, and I still will take the matter under advisement. The motion is still before the House, and I will report back.

Budget - border-town merchants re sales tax

MADAM SPEAKER: The Honourable Member for Roblin-Russell.

MR. L. DERKACH: Thank you, Madam Speaker. My question is to the Minister of Finance.

Manitoba merchants in towns bordering Saskatchewan have in many instances been delivered a final blow in their economic survival by the Budget that was delivered here Monday night.

Merchants from these bordertowns approached the Minister of Finance about a year ago in an attempt, in a plea, to have the Minister consider to remove the retail sales tax on goods, on clothing especially, so that they might be more competitive with towns just across the border in Saskatchewan. In addition, Madam Speaker, the Minister received calls from my colleagues who represent bordertowns, the Member for Virden, and myself. In addition, he also received letters asking him to seriously consider removing the sales tax on clothing up to a maximum of \$300.00.

Madam Speaker, on Monday night, the Minister has caused a further blow by the increase in the sales tax

to 7 percent. My question to the Minister is this: Why has he, as Minister of Finance, abandoned the plea, the cause of border-town merchants, by introducing a further sales tax when he in fact stated in the Budget on Monday night that, in preparing his Budget, he had listened and heard the pleas of Manitobans?

MADAM SPEAKER: The Honourable Minister of Finance.

HON. E. KOSTYRA: Thank you, Madam Speaker.

As the member is aware, I have met and have consulted on a number of occasions with representatives of businesses and communities along the Manitoba-Saskatchewan border. In fact, I've discussed this particular issue with some members opposite who raised their concerns with me.

As the member is aware, I also provided him recently with statistical information showing what has happened with respect to sales tax revenue of clothing merchants along the Manitoba-Saskatchewan border, along with comparisons of other rural merchants at distances considerably away from the border. As the member is aware, those statistics show that there is not any significant difference between the retail sales tax revenues from those merchants who are in rural areas far removed from the Manitoba-Saskatchewan border, as against those who are immediately close to the border.

In regard to the additional increase in taxation, it will take effect. We obviously monitor any impacts that may have, and I'll obviously look at what the situation may be with respect to the changes that might come about in sales tax revenue in the other province along that border.

MR. L. DERKACH: The Minister indicates that he has provided information to us with regard to the study. I, as the Member for Roblin-Russell, which borders the Saskatchewan border, have not received that, and I'm wondering whether or not the Minister is prepared to table that information for us.

HON. E. KOSTYRA: I'm surprised that the member didn't receive it, because I did sign copies to all of the MLA's along the border. If they haven't received it, I'll have to check in my office to see why it hasn't gone out, but I know I signed it at the end of last week or the beginning of this week. I'll make sure that they're over to his office this afternoon.

Decter Report recommendation re sales tax

MR. L. DERKACH: A further question to the Minister of Finance.

One of the recommendations of the Decter Report, Madam Speaker, indicated that removal of sales tax up to a maximum of \$300 would be one avenue that this government could look at to help merchants in the border towns. I'm wondering whether the Minister will in fact make a commitment to consider removing the sales tax of up to \$300 for Manitobans to assist those merchants along bordertowns so they can be more competitive with those merchants in Saskatchewan.

HON. E. KOSTYRA: We certainly are going to monitor the situation with respect to those border communities, and will obviously review the sales tax as we go along.

I would just point out to members opposite that the government that removed the tax just prior to an election, and then subsequently suffered a significant deterioration in their deficit to the point of \$1.2 billion, I don't intend to put our province into that kind of fiscally irresponsible position.

MADAM SPEAKER: The Honourable Member for Roblin-Russell with a final supplementary.

MR. L. DERKACH: Thank you, Madam Speaker.

The Minister has already indicated to the House that the study has been done and he has done the consideration. How much longer is he going to study this matter when merchants in these bordertowns are facing bankruptcy in many cases?

HON. E. KOSTYRA: Unfortunately that information did not get to the member and I think that, if he reviews it, he will see that at the present time the situation is similar in those communities as against other communities that are far removed from the border. Unless there is any further deterioration it appears that there is no need to take any specific action.

MPIC - internal audits

MADAM SPEAKER: The Honourable Member for River Heights.

MRS. S. CARSTAIRS: Thank you, and my question, Madam Speaker, is to the Minister responsible for MPIC.

Given the fact that this Minister has been charged with the Manitoba Public Insurance Corporation for some years; and given the fact that he is responsible for its activities; and given the fact that he should know or ought to have known of the operations of the MPIC; can the Minister very specifically tell the House what internal audits were performed on MPIC's general lines when he first assumed the portfolio and, in turn, what reports were and are made available to him on a regular basis?

MADAM SPEAKER: The Honourable Minister responsible for MPIC.

HON. J. BUCKLASCHUK: Thank you, Madam Speaker.

The Member for River Heights has requested some fairly specific information. I believe that information will be available at the committee hearings which are to start next Tuesday.

MRS. S. CARSTAIRS: I look forward to it Tuesday. Would the Minister responsible for MPIC explain what steps he took and what advice he followed after receiving reports from the internal audits of MPIC?

HON. J. BUCKLASCHUK: As the Minister responsible for MPIC for the past four-and-a-half years, I was not in receipt of internal audit reports. Those would go to the Chairman of the Board and I would be provided with reports from the auditing firm that audits the

corporation and with the report from the provincial auditors.

MRS. S. CARSTAIRS: A final supplementary, Madam Speaker, to the same Minister, can the Minister responsible for MPIC advise the House as to whether or not he ever chose not to follow the recommendations of the General Manager or the President of MPIC or any auditor working for or representing the interests of MPIC?

HON. J. BUCKLASCHUK: The Member for River Heights is taxing my memory to the limit. Over four-and-a-half years, I am certain there would be many occasions when a number of options were being presented and there may well have been recommendations that I did not accept.

High School Review - policy statement

MADAM SPEAKER: The Honourable Member for Fort Garry.

MR. C. BIRT: Thank you, Madam Speaker, my question is to the Minister of Education.

He appointed a High School Review Committee, and it is preparing a policy statement for release. I am asking the Minister: Will he be filing that position in the House before it is made public?

MADAM SPEAKER: The Honourable Minister of Education.

HON. J. STORIE: Yes, Madam Speaker.

MR. C. BIRT: Madam Speaker, will he be filing that statement in the House before he announces it publicly himself at the Manitoba Association for School Trustees' meeting tomorrow?

HON. J. STORIE: Yes, Madam Speaker.

Budget - 2 percent tax loss

MADAM SPEAKER: The Honourable Member for Riel.

MR. G. DUCHARME: Thank you, Madam Speaker, my question is for the Minister of Finance.

During the recent Budget of March 16, a taxpayer who has a legitimate loss due to unfortunate circumstances is eligible to carry that loss from one tax year to another. Will this individual now pay the 2 percent net tax before deducting this loss, before this legitimate loss?

MADAM SPEAKER: The Honourable Minister of Finance.

HON. E. KOSTYRA: Thank you, Madam Speaker. I'm sorry I didn't hear the first part of the question.

SOME HONOURABLE MEMBERS: Oh, oh!

HON. E. KOSTYRA: Could he please repeat his question?

MR. G. DUCHARME: To the Minister, what I'm comparing is a legitimate loss from one tax year to the other. Now they deduct that. Does that 2 percent apply before he deducts the loss or after?

HON. E. KOSTYRA: I'll take the question as notice to provide the member with a full answer so that he will have the correct information.

MR. G. DUCHARME: A further supplementary question to the Minister.

Will the 2 percent loss, how will it affect Line 246 in regard to the deduction for blind persons or persons confined to a bed or wheelchair? In other words, when will they pay? Will they pay the 2 percent or will they be able to deduct that also?

HON. E. KOSTYRA: I'll take that question as notice, but just point out that the person would have to have an income level obviously that would put them in the position of paying that and not having the off-setting reduction for the 5 percent of exemptions that is allowed and the Cost-of-Living Tax Credit. But in terms of the specific area, I will take that as notice and provide the answer so that I don't make any mistakes like the Leader of the Opposition did in terms of what comes before or after a particular line.

MR. G. DUCHARME: A further question in regard to the deductions.

Will pension income deductions be also handled the same way, or will they be handled the same way as they were handled in '86 and '87?

HON. E. KOSTYRA: I'll take that question as notice also, Madam Speaker.

MR. G. DUCHARME: A final supplementary.

What about overpayments of unemployment insurance? Will they also be handled the same way? Will they have to pay the 2 percent on that?

HON. E. KOSTYRA: Thank you, Madam Speaker.

I'll take that question as notice to ensure that he does get the proper information, unlike the information that was given to the Winnipeg Sun yesterday by U and R Tax Services.

MADAM SPEAKER: The time for Oral Questions has expired.

ORDERS OF THE DAY BUDGET DEBATE

MADAM SPEAKER: On the proposed motion of the Honourable Minister of Finance and the proposed amendment thereto, standing in the name of the Honourable Member for River Heights.

MRS. S. CARSTAIRS: Thank you, Madam Speaker.

The Budget is fair, is it not? The Minister of Finance told us 17 times on Monday night that the Budget was fair and I lost count after so many pages. If you hear it often enough, Madam Speaker, is it not so? No,

Madam Speaker, no, no, no, it isn't so. This Budget is not fair, Madam Speaker, and saying so 17 times doesn't make it so.

In order to be fair this Budget would have to be free of favoritism, free of bias. It would have to be impartial, Madam Speaker; it would have to be just; it would have to be equitable; it would have to be consistent with the rules of logic; it would have to be ethical, and most of all, it would have to be honest.

Fairness, Madam Speaker, means that it is fair to all people, all citizens, the poor, the middle class and, yes, those whose incomes are above the medium and from whom we expect the largest contributions. If choices must be made, yes, the poor must be favoured, but who in Manitoba, Madam Speaker, are the poor? According to this Budget, you would have to be very poor indeed in order to get relief.

All members would agree that those earning less than \$15,000 per year are poor and deserve our support and all that we can provide them with but, Madam Speaker, the poverty level in the City of Winnipeg for 1986 was \$21,663 for a family of four. As a result of this Budget, everyone earning over \$15,000 a year will pay more tax. Indeed, the hardest hit by this Budget will be those between \$15,000 and \$60,000 a year.

(Mr. Deputy Speaker, C. Santos, in the Chair.)

We have a situation within our economy in which we have wage settlements this year between 4 percent and 5 percent. This government asked the teachers to take zero percent, and yet this same government would ask the taxpayers of this province to pay an increase of 22 percent in their provincial income taxes. Does this government not care about its responsibility to economic management? Does it not care about economic growth? In its headlong rush to patch up the present, doesn't it care about economic logic or economic reality?

Mr. Deputy Speaker, I cannot believe that this government does care much about economic reality, and I'm convinced that the majority of Manitobans agree that this Budget is monumental economic folly. People are dismayed; they are discouraged and they are astounded at a government lumbering along like a dinosaur, unable to change its way. Manitobans are amazed at the deficit pile-up and not a paragraph, not a sentence, not a word, no effort at all to tackle the expenditures of this government.

Manitobans are numbed by the endless inability of this government to deal honestly with what we can afford and how best we can deliver those necessary social services. Manitoba and Canada, Mr. Deputy Speaker, are experiencing an economic recovery, a recovery which by any standard of measurement is very long in the tooth. Since 1983, the Manitoba economy has performed well, often better than the Canadian average, and this government takes pride in that, but spending has spiralled in spite of tax increases. Debts and deficits have mounted and changes to our service debt have soared. Still, we are told that our economy is strong.

To poke a little fun at my own party, we actually had the gall to go to this electorate in 1979 and talk about the land being strong - 1979 - and the electorate told us what they thought of that particular statement -

what happened when the economy falters, as it surely will, because there are cycles, and Manitoba feels those cycles. Will this Government of Manitoba have any resources to respond to the unemployed then, or to the hardship of vulnerable sectors like agriculture and small business? And the answer is no, they will not.

I have heard NDP members espouse Keynesian economics, prime the pump when the economy goes flat. Well, Lord Keynes would have a difficult time in his grave today reading this Budget, because this government has spent widely throughout what they refer to as economic expansion. This government is foreclosing its options, Mr. Deputy Speaker, to be compassionate in the future when the need will be the greatest.

This Budget shows that this government is both economically and intellectually bankrupt. The Finance Minister speaks of fairness, but fairness need not just apply to government programs; it must also apply to government expenditures, and there was no fairness here. In today's economy, the catch phrase is "lean and mean." Even our Premier has sought to adopt the phrase. We saw lots of meanness in the Budget on Monday night, but we certainly didn't see any leanness. The government forgot about half of the equation.

Let's take a look at some of the administrative costs of this government as a result of this Budget. They have increased their administrative costs - that is staff salaries and their sundry costs for Ministers by \$2.6 million. The Minister of Culture, Heritage and Recreation, whose overall budget went down by 3.4 percent, increased her administration by 19.4 percent. The Minister of Cooperative Development sees a decrease in his budget of 56 percent, but his administrative costs went up by 10.6 percent.

The Minister of Finance tells us he needs another \$100,000 for salaries. The Premier says he needs another \$102,000 for salaries, increases of 36 percent and 7.4 percent.

Some departments did cut, Mr. Deputy Speaker, four of them. Education cut \$31,000 from its administrative costs, and the Attorney-General was able to cut \$110,000, so it was actually possible for government departments to cut costs, but 21 government departments chose to increase their expenditures for administration.

Indeed, one of the funniest lines in the Estimate book is found on page 76. The Treasury Board has been given a whopping 54.5 percent to fulfill, quote, "its expenditure management responsibilities." God help this province, Mr. Deputy Speaker, if 54.5 percent is an example of management responsibility.

It is the government that takes "mean" from the taxpayer and expects the taxpayer to live with "lean." Where was the fairness in setting priorities in this Budget? The Minister of Finance takes great pride in the increase of funding to agriculture. This so very important industry to Manitoba is now going to get a whopping 2 percent of the entire government expenditures in Manitoba. That's \$83 for every citizen in Manitoba. What was the answer of the Minister of Finance? We'll give them a \$500 tax deduction, a maximum \$500 tax deduction on their education tax.

Mr. Deputy Speaker, that amounts to 25 cents to 70 cents an acre. Not much seeding is going to take place with that kind of money, but meanwhile the Minister

of Agriculture takes \$410,000 to administrate the disastrous Family Farm Protection Act. If he had taken that \$410,000 and used it for loan guarantees for farmers, then indeed you might have given the farmers of this province some hope for the future.

But where does Agriculture fit in this scheme of things? Well logically, we understand that it fits behind Health and it fits behind Education and it fits behind Community Services. But it also fits behind Energy and Mines and behind Finance and behind Government Services and behind Housing and behind Natural Resources. Does the Minister not understand that the more bureaucrats you have in the Department of Agriculture doesn't help the farmer? Additional funding paid directly to the farmer and based on need is the only solution. Our smug Finance Minister prattles on about aid to agriculture and by-passes the outstretched arm of farmers to pat himself on the back.

The Minister of Finance told us that health, education and social services were the priorities of this government. But was that really what happened on Monday night, Mr. Deputy Speaker? No, it wasn't because, if you look at the percentage increases, Finance got the largest percentage of that Budget, and then Agriculture got second, and for that I am grateful.

But then we hit Employment Services and then Community Services, Health was sixth, and Education was behind the percentage increase to the Premier's Office, to the Attorney-General's Office, to the Department of Labour. Mr. Deputy Speaker, Education is not a second priority, as this government would like to tell us. It is a tenth priority. They received slightly more than 1 percent, whereas services to other sectors, like Health, got 5 percent above inflation. Community Services got 7 percent above inflation.

For the first time in the history of this province, the Education budget has gone below 18 percent of provincial expenditures. This year, it stands at 17.7 percent of provincial expenditures. Why is this government unwilling to stand up for Education which holds the future of this province in its hands?

I congratulate the Health Minister, Mr. Deputy Speaker, for demanding and getting more money for home care services, because that is the way in which we must move in the future. But why were there no further monies towards community-based mental health services? Why did they receive grants below the inflation rate, Mr. Deputy Speaker? Why were \$7 million of lottery monies used for General Revenues and Health, and not targeted to a specific project?

Health needs massive amounts of transitional monies for innovative programming, leading to improved care with decreasing costs. Why did we not target the lottery monies for that kind of transitional funding, and why didn't we provide more of the lottery monies for that kind of targeted funding? The value of targeting for special needs rests in the ability to then move in the future to the funding of other areas which need targeted financing. By just taking monies and putting it into general revenues, those monies get all too readily absorbed in the system and are not used for the very specific projects which are so necessary.

Mr. Deputy Speaker, the Finance Minister speaks glowingly of the increase of per capita income of Manitobans, from 90 percent to 94 percent of the Canadian average, while at the same time saying that

this affects our ability to raise money. It certainly does, and is a very good reason why we shouldn't have the highest tax rate in all of Canada.

But, Mr. Deputy Speaker, according to Statistics Canada, in 1984 Manitobans received 95.4 percent of the per capita income in Canada. Why have we lost 1.4 percent in the last two years? Coincidentally, this decrease seems to have occurred at about the same time as the payroll tax began to take effect. How can we brag about low unemployment and good economic times and have a decrease in the percentage which Manitobans make in relationship to other Canadians?

Let us look, Mr. Deputy Speaker, at what happened to the middle class as a result of this Budget. The middle class, the backbone of our society, the entrepreneurs, the risk takers, the ones, Mr. Deputy Speaker, who create in this province our jobs, they have been betrayed; they have been robbed in this Budget. The NDP Government has finally displayed its true colours. It has abandoned the centre and shown themselves for the true socialists they really are. They would rather bring us all down than raise the less fortunate up, and let's see how they did it insidiously, tax after tax after tax.

Take the payroll tax, for example, up to 2.25 percent, and they brag that only 900 corporations are affected. But who are those corporations? Well one of them is the University of Winnipeg that's going to end up paying \$180,000 more to the government of this province next year as a result of the payroll tax. Another one of those corporations is the University of Manitoba that will pay .5 million in payroll tax. Another one of those corporations is the Royal Winnipeg Ballet and the Winnipeg Symphony. Social service agencies will pay this increased payroll tax. The owner of a gas station will now pay \$12,000 for his employees; that's one less employee that he could have had, Mr. Deputy Speaker.

What of the land transfer tax, another vicious assault on the middle class? We know that the cost of housing is increasing our inflation rate in this province. In the last two years, housing has gone up by 15 percent, so this is a tax that's going to go up and up and up and up. Who are they trying to hit by it? The individual who made a lot of money from the sale of his house? Well it might come, considering his answers to earlier questions today, as a matter of pure amazement to the Minister of Finance, but it's not the seller that pays it, it's the buyer that pays the tax. It's that family that has saved and saved and saved to buy their dream home, and who may only have \$30,000 equity in their \$150,000 home, and who are carrying enormous mortgages in order to sacrifice to live in that home, and they got 100 percent tax increase on Monday night - 100 percent.

Meanwhile, apartment owners, they're going to condominiumize. They have the laws to do it. They'll sell them as individual units and they won't end up paying this vicious tax.

The corporation capital tax, you're supposed to tax the value of assets. Doesn't that sound wonderful? Tax assets, it sounds terrific, except most of the assets of most of our corporations are encumbered, so what we're really taxing is debt financing. Be fair. If you're going to tax a corporation, tax them on profit, tax them on what they make, not on their debts.

What of the net income tax? I mean, it's quite obvious that the Finance Minister doesn't understand how it

works. But what is included in net income tax? Well it includes the money you earned before deductions. That means, Mr. Deputy Speaker, that we will pay tax on our child deduction. We will pay tax on our spousal deduction, if we should have one. We will pay tax on our charitable contribution. We will pay tax on our medical exemption. We will pay tax on our loss carryforwards. We will pay tax on our grossed-up dividend income, not our net dividend income that we should pay tax on, but our gross dividend income.

But, Mr. Deputy Speaker, what won't be taxed? Well, we won't be taxed on our tax shelters. We won't be taxed on our RRSP's. We won't be taxed on our interest on borrowings, because they're not included in net income tax. So, what we have here is tax the kids, but not the RRSP's. Isn't that wonderful socialist philosophy? Tax the kids but not the RRSP's. I ask you, Mr. Deputy Speaker, is that fair?

What does this Budget mean, Mr. Deputy Speaker, to an entrepreneur or risk taker who wants to move to Manitoba and set up a new business here? His employees say, no way, because it will cost them on their personal tax, their home purchase, their tax on retail sales purchases, and the entrepreneur says he can't afford to come here because he has to pay the payroll tax and the corporation tax. So we lose the new businesses. We need to create wealth in Manitoba because there is not enough creation of wealth, but we turned our backs on businesses on Monday night instead of trying to achieve a balance. We have discouraged our business community.

(Madam Speaker in the Chair.)

Madam Speaker, this government has tried over the past four years to be entrepreneurs, and the results were absolutely disastrous. They tried to be entrepreneurs in MTX and they lost \$27.4 million, or is it really 40 million they lost in MTX? At MPIC they lost \$37 million in the reinsurance industry. Then the Minister of Finance decided to play the foreign exchange markets and he lost \$50 million - \$115 million lost by the bureaucrats of this province trying to play entrepreneur. If they hadn't lost all that money, Madam Speaker, we wouldn't have needed the net income tax or the corporation capital tax or the land transfer tax, or we could have done away with the retail sales tax.

Why doesn't this government, instead of putting its faith in the bureaucratic entrepreneurs, who fail at each and every occasion, why don't they put it in the hands of the business sector of this community? Why doesn't it trust the entrepreneurial skills of our citizens? Why does it take \$286 million from them and deny the risk takers the opportunity to invest in Manitoba? Our entrepreneurs put their neck on the line each time they make an investment in Manitoba. Our bureaucrats don't, and our Ministers don't even put their portfolios on the line when their bureaucrats enter into these entrepreneurial schemes.

Madam Speaker, I am reminded of the "Pogo" cartoon as I listen to speeches in this House. Pogo, as we all remember, became very concerned about the conditions of the Okefenokee Swamp, and he decided to have a campaign against the litterers. He armed the animals with their swords and their spears and their shields, and he led them off into the swamp. As they

proceeded, they came across litter from almost every one of the animals and Pogo announced: "I have found the enemy and he is us."

Madam Speaker, we are the enemy because it is our debt and our deficit as Manitobans. Surely, we can have a system of fair taxes and expenditure cuts. Let us establish a sense of priorities which encourages the best and the brightest to come here from other countries and other provinces and, better still, let us keep the entrepreneurs, the risk takers, among us. Let us encourage them to stay here.

Madam Speaker, let us get our own house in order. We need balance, we need fairness, we need a climate of trust with our business community and with our citizens. The Budget turned its back on 80 percent of the population of this province. It asked us to trust the Finance Minister, whose projections were 25 percent out last year. It asked us to believe that services needed double the rate of inflation, while at the same time telling us that we had the best services anywhere in this country. There is no honesty in this Budget because it pretends that taxes are going down for the majority of Manitobans and this is simply not so. There is no integrity in this Budget, because that implies soundness and this Budget is not sound. There is no credibility in this Budget because the citizens of this province know they've been taken for a ride.

Madam Speaker, I would ask the government to remember this quote by P.T. Barnum, who understood flimflam, and he said: "You can fool some of the people all of the time, and you can fool all of the people some of the time, but you can't fool all of the people all of the time." This NDP Government has tried one and two and gotten away with it. This Budget is number three and the people of this province are not fooled.

MADAM SPEAKER: The Honourable Minister of Employment Services.

HON. L. EVANS: Thank you, Madam Speaker.

I would like to participate in this debate and add a few words of comment regarding the very progressive Budget that was brought in by my colleague, the Minister of Finance, the other night; and one, a Budget that I think from my 18 years in the Legislature is one of the most progressive budgets we brought in. One that has compassion, and I'll say it, maybe it's the eighteenth time - I don't know how many times the Member for River Heights made reference to, whatever number it is, we'll say it again, a fair Budget. It's a balanced Budget as well; it's a Budget for our times. Because, Madam Speaker, the fact is that we do have to obtain more funds; we do have to obtain more funds to provide the services that Manitobans want.

We know that Manitobans want quality health services. We know they want quality education, and we know that they want an array of social services to look after those less privileged than others. That takes money, Madam Speaker, it takes a lot of money. In fact, if you analyze the Budget, if you analyze the spending, you'll see by far the single greatest amount goes to health care, which is around 31 percent, 32 percent of all of our spending. When you add in education and other social services in related areas of human development, you're looking at two-thirds of the spending easily going in that area.

The fact is, Madam Speaker, Manitobans want quality care. They want their governments - in fact, well the Member for Brandon West is referring to the Brandon General Hospital and some other things. I would advise him that the Brandon General Hospital has had substantial increases in revenue year after year after year, and indeed the waiting lists for the hospital are being reduced. A lot of fine new technology is about to be brought in.

A MEMBER: The Member for Brandon East has done more for Brandon than the Member for Brandon West will ever do in his lifetime.

HON. L. EVANS: As a matter of fact, when my friend, the Member for Brandon West - and I'm not faulting him for this. He wasn't in Manitoba - I don't think he was in Manitoba during the Lyon period of office. I'll tell you, if you want to know about cutbacks, that's the time to be here because, between 1977 and '81, the massive cutbacks that occurred in social services, the squeezes that occurred at that time were so great that the people of Manitoba made history, and that is they did not re-elect the Conservatives for a second term. I think that is history in the making, because normally governments get re-elected at least for one more term, for two terms in a row. We know, therefore, that people want these.

I say, therefore, what does the Opposition propose? What does the Liberal Party propose? It's easy to stand there and say, this tax is no good, that tax is no good. No government wants to increase taxes. Every government would like to reduce taxes. Any party would like to reduce taxes, obviously.

The fact is, in order to provide these services in the public sector, we do require the revenues. The challenge then to government is to, somehow or other, decide on how to levy the tax so that the tax is paid by those who are able to pay the tax. This is what this Budget's all about.

We recognize that we have many poor people who should not be asked to pay more. In fact, this Budget in terms of income taxes, I understand there will be 100,000 people, 100,000 Manitoba income tax filers who will pay less tax as a result of the Budget brought down this week. Indeed, 15,000 income tax filers will no longer be paying tax. They will be taken off the provincial income tax rolls.

As a matter of fact, Madam Speaker, even after the sales tax and the Cost-of-Living Tax Credit are taken into account, 36 percent of the households will pay less personal tax. So we take it all together. I say that what we've done, therefore, is we've taken an approach that is reasonable and that is fair.

I was rather disappointed in the remarks of our colleague from River Heights, who very glibly criticized various kinds of taxes and so on but really had no solutions to offer. That's what I would like to hear from the members opposite. I haven't heard any solution from members opposite that would resolve the degree of deficit that we're looking at. I haven't heard where they're going to cut spending. Oh yes, there are always some miscellaneous items. They're always talking about communications people and so on. Well, you can add up many, many of these items. I listened to the Member

for Minnedosa the other day, and I was really disappointed because there was nothing that he proposed that would make any significant difference in terms of the deficit.

I say therefore that the Conservative Party, the Liberal Party owe it to the voters of Manitoba to stand up clearly, exactly how they would resolve it. Never mind giving us speeches on one item or another item. What is their comprehensive approach? Who would they tax, or would they simply cut services to get rid of deficits? Is that what they're going to do? If you're going to cut services, exactly what services are you going to cut? -(Interjection)- Well I would say, Madam Speaker, that if we have a repeat of what occurred when the Conservatives were in office last time, 1977-81, you will see some major cuts that people would be very, very upset about. So, I say that it is a very difficult problem, a very difficult challenge, but I think we have met it head-on.

It was interesting to see the comment in the paper of various writers. One person I noted compared what was happening in Manitoba with what occurred and what has occurred in Ottawa over the last few years. Ottawa added 18,000 low-income Manitobans to the tax rolls and, as of yesterday or as of when the Budget came down, we announced that we would take 15,000 poor Manitobans off the tax roll.

Under the most recent federal budget, taxes on individuals have risen by 50 percent or \$22.7 billion from \$43.4 billion to \$66.1 billion, whereas taxes on corporations have only gone up by \$401 million.

Manitoba families under the federal budget have experienced an average personal income tax increase of \$506 since 1981, if you take the latest one into account. Those with incomes between \$10,000 and \$15,000 have had their taxes go up by \$155, and ones in the \$15,000-\$20,000 range have experienced a hike of \$327.00. However, those earning \$150,000 have realized the whopping saving of \$4,715.00.

The fact is, Madam Speaker, we've got a Federal Government that is taxing the poor, and the rich are benefiting. We say, Madam Speaker, that is not the way to go. It should be just the reverse, and it's a good Christian principle. In fact, it's a universal principle of the major world religions that those who have the ability to pay should be required to pay. Those people who are the poorest among us, the retired people, in this day and age, the farmers, a lot of single parents, a lot of socially disadvantaged people should not be required to shoulder the burden of various taxes.

The Budget as well introduced a number of new programs or expanded programs. So not only have we, on the one hand, ensured that the poorer people will pay no tax in some instances or certainly less tax; on the other hand, we've had various special measures that were badly needed for the farm sector so that we have indicated that we are prepared to use some of this money to help farmers with the School Tax Assistance Program, which could always be more. I know you could always argue there should be more, but it will go a long way to relieving the tax burden on individual farmers. Our estimate is that two-thirds of all individual farmers will no longer have to pay any school taxes.

Four thousand six hundred more farmers over 55 years of age will benefit from the School Tax Assistance

Program through the 55-Plus Program. There is an Interest Rate Buy-Down Program that the Minister advised, which will assist in reducing the annual debt servicing charges of clients of Manitoba Agricultural Credit Corporation. Indeed, there are many other specific new measures that have been brought forward by this government and announced by the Minister of Finance that we simply have to pay for, and we have to pay for it with monies from people who have the ability to pay.

The initiatives were taken to help the small business sector. Madam Speaker, in spite of all the protestations of members opposite about our health and education levy, sometimes referred to as the payroll tax, it's rather interesting that Manitoba stands far above most provinces in the rate of job creation. You know, we were told all doom and gloom. Businesses would leave the province, we wouldn't have the job creation and so on. The fact is that we have a better job creation record than the national average.

As a matter of fact, only a few days ago when the latest survey came out, Madam Speaker, when the latest figures came out from Statistics Canada showing what happened in a year of February '87 over February '86, the information is that the job creation rate for the past year was 1.6 percent - that is the rate of job creation, the rate of employment growth was 1.6 percent compared to 2.1 percent for Manitoba.

In contrast to that, Madam Speaker, in the Province of Alberta, you had an absolute decline of 3 percent in that year. So let's face it, there are many factors that affect the rate of job creation, but things can't be that bad in Manitoba that we could have in the past year a rate of job creation far in excess of the national average. Indeed, we have 10,000 new jobs this February over last February and, of those 10,000 jobs, 8,000 were full-time jobs. So I think that's a job creation record that we can be proud of and a job creation record that, in effect, shows very clearly that the policies of this government are favourable to an expanding economy. Indeed, there is a lot of evidence that our economy will be even stronger in the years ahead.

Other new programs that we brought in to help Manitobans have to be paid for but, nevertheless, we believe that these programs are what people want. Far from cutting health care spending, we are engaged in a massive program of new funding, new kinds of funding, and indeed the Minister announced that health care spending is being increased by \$118 million this year. Included in that is the initiative to increase home care assistance, Madam Speaker, whereby a \$10 million increase is being allocated for services to provide home care services for seniors and others who are, for whatever reason, confined to their homes.

And I think that this program, Madam Speaker, ultimately is a cost-saving program, I might add, because it is far more economical for the taxpayers to help people stay in their own home than to have them prematurely institutionalized. As a matter of fact, medical experts, social experts, people who are into the field of sociology, social psychology, will tell you that people live far longer if they are able to live independently. It is, therefore, in the interest of the individuals that we are talking about being assisted under the Home Care Assistance Program to enable them to stay in their own homes as long as possible.

It's good for the taxpayers. It's cheaper than being institutionalized. It's good for those particular individuals, and I'm very pleased that amount of money has been allocated.

In the meantime, more money is going for education. The '87 increase is nearly 6 percent, and we'll be providing monies for students not only in the public school system but also our community colleges and our universities. I might add, Madam Speaker, here is a case in point that we made before but we should make it again, that all of this has to be seen in the light of the fact that the Federal Government is reducing its share of the burden in health and post-secondary education. It's reducing its share of other burdens.

We used to have far greater assistance from the Federal Government, from the Ottawa Government, than we have today in terms of the percentage of the burden, in terms of the percentage of the costs. We find Ottawa is moving out and the provincial taxpayers across the country are indeed being forced to take up a greater percentage of that burden.

And in the field of community colleges alone, the former federal Minister of Employment and Immigration, the Honourable Flora MacDonald, announced that there will be a 39 percent cut in the spending on community colleges in a three-year period of the community colleges across the country.

I was at the particular conference where this was announced, and you should have seen the looks on the faces of the provincial Ministers, particularly those from the Atlantic region. As we know, the Atlantic region is unfortunately not as wealthy as other parts of the country, and this was a major blow to places like Newfoundland, New Brunswick, Nova Scotia and Prince Edward Island. I think the last Minister there from the provinces stood up and said, "Look, our community colleges offer excellent training. They are providing young people with skills that will enable them to make a contribution to the economic development of this great land of ours, and yet you are now reducing the expenditures."

Now the theory was that that money would be made available to the private sector and that private business could come in and make the application, get the money, and go out and do their own training. Well, Madam Speaker, that simply has not happened. We said to the ministry it will not happen and, indeed, it has not happened, and we've now got the figures to prove that it has not happened. So, as a result, there has been a real decrease, a real diminution in federal support of the community college system in this country of ours.

That's only one example. You may think it's a small example. I think it's a very significant example. It's symptomatic of what's happening with the Conservative Government in Ottawa shifting their debt burden, their burden of financing, onto the provinces. It's fine if you are talking about Ontario or Quebec or maybe B.C., the wealthier provinces but, when you get to places like Newfoundland or PEI or whatever, you're threatening something there that has existed. Indeed, I would say they are threatening Medicare as we know it in this country right now by their particular approach to sharing the costs of health care. So I say that we see this right across the field and so we have to look at what we're doing here in light of what's happening federally.

Nevertheless, we are proceeding with other social programs, and the Minister has outlined a number of these. We are continuing to provide property tax reductions. We suggested that there be changes in the Pensioner School Tax Assistance Program to provide assistance up to \$175 to people in the 55-64 age bracket.

Indeed, there are other benefits. We have increased the Cost-of-Living Tax Credit by a large amount of money. This will help the lower-end and the middle-income Manitobans. The increase is 33 percent, assisting 293,000 Manitobans, Madam Speaker, including 79,000 senior citizens.

At any rate, the fact is that to provide social services, to maintain the health care system, to maintain quality education, we do need funding, and I think that the funding that has been proposed, as I indicated, is fair.

If you look at the burden on individual categories, this has been spelled out by the Minister and it has been spelled out in documents provided by the officials of the Department of Finance. You see that we are still not too badly off when we compare ourselves with some of the other provinces. The rates paid by a tax filer with an income of \$40,000 per annum - this is with a family of four with \$40,000 per year income - if you look at the statistics, including the tax credits, which you must, health premiums, if you look at the retail sales taxes across the board and the gasoline tax, you will find that we in Manitoba, for this family earning this amount, are certainly not at the top as some members opposite would like you to believe, Madam Speaker. The Provinces of Ontario, Quebec, Nova Scotia, New Brunswick and Newfoundland all come up with a much higher tax burden on that particular taxpayer. So we are well below average in terms of the tax burden on someone earning \$40,000 per year with a family of four.

It would be interesting to see what happens, I think, later this week. The Provinces of British Columbia and Alberta are to come out with their Budgets, and it's going to be interesting to see what will happen, to what degree will the Province of Alberta continue to be free of retail sales tax. I think at some point, Madam Speaker, we are going to see sales taxes brought into being in Alberta and, indeed, at some point, I believe you will see Saskatchewan increase their sales taxes as well.

In fact, the problem raised by the Member for Russell could easily disappear, because I note that the deficit of the Saskatchewan Government was three times higher than what was forecast by the Saskatchewan Minister of Finance.-(Interjection)- That's Conservative accounting. You know, we're out a few million, two or three tens of millions, and there is a big kaffuffle. Here in Saskatchewan, they are out threefold. They were out an enormous amount of money, and overnight the Saskatchewan Government is facing massive deficits. I will predict, Madam Speaker, that you're going to see a lot of new taxes and services cut back at the same time in the Province of Saskatchewan.

If we look at what's been happening, how this Budget affects people in the \$20,000-a-year category, you'll see that the burden, when you take provincial income taxes, tax credits, rebates, the health premiums, the retail sales taxes and the gasoline taxes into account to make a comparison, you find that of the 10 provinces, a person in Manitoba in that category, the \$20,000

income category with the family, is in the second-lowest in the country, the second-lowest in Canada. Again, I say this is before the Alberta and B.C. Budgets are brought down, and goodness knows what's going to happen in the future in Saskatchewan. So we're certainly not out of line. As a matter of fact, those people on the lower end, as I said, are not doing badly at all.

The fact is, Madam Speaker, that we are blessed with a very buoyant economy. In spite of all the criticism opposite about our various laws, whether they be labour laws or whether they be our health and education levy or whether they be other policies of this government, the fact is that we have experienced above average rate in economic growth, and all of the major banks are forecasting a very strong economic performance of this economy, our provincial economy, in the next year.

As a matter of fact, the Globe and Mail reflected today on forecasts of the Royal Bank of Canada. The Royal Bank of Canada has said in its latest outlook that Manitoba will lead all provinces in economic growth through to 1995 with an annual average rate of growth of 3.3 percent. So I think that speaks for itself, Madam Speaker. That speaks for itself because not only is the Royal Bank saying that, but it's being said by the Bank of Nova Scotia. It's being predicted by the Bank of Nova Scotia. They are a little more cautious, but they too say that Manitoba's economic growth rate will be above the national average. That's not our estimates; that's the Bank of Nova Scotia.

The Conference Board of Canada also has indicated that we will have a very favourable rate of economic growth. The October 1986 forecast showed us having the highest growth rate of any province. That comes about for a number of reasons, Madam Speaker. It comes about because we have a balanced type of economy. We're blessed with a diversified economy. We have some forestry; we have some mining; we have a freshwater fishery; we have a farm sector that is being undermined now by international prices of grains like the rest of the prairie economies, but we have development in various segments. We've got a development of our transportation industry. The financial institutions and other elements of our service sector are doing very well so that, all in all, this adds up to a favourable situation and it adds up to jobs for Manitobans.

Madam Speaker, I would appreciate it if we could have a little quietness in this House so I can hear the speech that I'm making.

MADAM SPEAKER: Order please.

HON. L. EVANS: Thank you, Madam Speaker.

I wanted to indicate that the economic policies of this province, far from driving business out, have just had the opposite effect. We have had business expansion, we've had more jobs created than the national average, and our rates of unemployment are the best in the country. In fact, Madam Speaker, not only the best in total in the country, but they're the best in the country for various components of our labour force. I'd like to point out, with great pride, that we have the lowest level of unemployment for women in Canada, and we're doing whatever we can to create

more job opportunities for women in this province of ours.

So all of these figures are very favourable, Madam Speaker, and I think speak very well of our economic approach. The youth unemployment rate compares very well and, as I said, if you look at the breakdown of the figures showing where the jobs are created, you see that they're diversified. They're spread over many industries, and I think that speaks well as well.

When we look at the labour force figures, Madam Speaker, they are broken down by Statistics Canada not only by sex but also by age categories. When you consider for a moment the breakdown of the youth versus the not so young - the youth are in the category up to 24 years of age and then there's 25-plus - but it's the 25-plus people who tend to be the heads of the households, who have the family responsibilities and so on. So even though we have a fairly good overall rate of unemployment, when you break it down and you look at it in terms of the number of people who are unemployed, 25 and over, you see that we're down to 6 percent for those people who are 25 years of age and over.

If you look at men, it's a little higher - 6.8 percent, but for women it's as low as 5 percent. I think, Madam Speaker, that when you get down to figures like 5 percent, you're getting down near that magical situation of full employment. I guess you could argue full employment will be zero, but the fact is there is always some turnover of people going from one job to another. It's often referred to as frictional unemployment, so you always have to allow two or three points for that.-(Interjection)- Yes, often it's utilized; often 3 percent is used.

So when we're down to 5 and 6 percentage points, I think we're doing very well and we're getting nearer that rather magical state of full employment or state of economic bliss, you might say, although we have to recognize that we're not an economic island to ourselves; people move in and move out.

When there are job opportunities, we'll have more people come to Manitoba. As a result, I suppose, unless you had cooperation with the other provinces and the Federal Government, you could never achieve full employment provincially alone because, as we know from the information we have, people will come and take jobs in Manitoba. We've had an influx of people from Alberta. We've had people come to us certainly, from the Maritimes and, if the job opportunities are there, you'll certainly see people come into our province. So you can never ever say that you're going to achieve full employment at the provincial level unless you get total cooperation from the Federal Government or unless the other provinces are as concerned about job creation as this government is.

At any rate, Madam Speaker, we have done our best to tighten our belts. We have tried to squeeze spending as best we can. I believe we have been realistic, we have been fair, and we've said those people who have more money should be able to pay more. The information we have about the future in Manitoba is very encouraging.

I mentioned the Royal Bank of Canada projecting an economic growth rate which should be well above the national average. That real economic growth rate also translates, according to them, to a growth rate of

job creation, that is employment growth, which is expected to be relatively strong, faster than any other province and above the national average. In fact, they are also predicting that the unemployment rate is projected to decline even further in this year and indeed some of the following years.

Similarly, other banks - the Bank of Montreal just a few weeks ago, a couple of months ago - estimate that we will have a very favourable rate of increase of our economy. It is anticipating a stronger growth in 1987 compared to 1986 in the retail area, areas of retail sales, manufacturing shipments, and investment.

As well, housing is expected to remain strong in 1987 with even a higher number of new starts. They're anticipating new starts of around 7,500 to 8,000. I guess if you took all these forecasts together and made an average of them, you take the latest forecast of the Conference Board in Canada, the latest forecast of the Bank of Nova Scotia, the latest forecast of the Royal Bank, the Bank of Montreal and the Bank of Commerce, and you simply tally up all of these percentage increases and strike an average for Manitoba, you'll find that the average indicates that Manitoba has been above the national average in 1985; well above the national average in 1986; and again, is anticipated to be well above the national average in 1987.

So I say, Madam Speaker, there must be something right going on in the Province of Manitoba. I think that, while I would be the first to admit that there are other factors that affect economic growth but, as members opposite always remind us, the policies of the Government of Manitoba have an impact as well. I say then, if I accept their premise that policies of the Province of Manitoba have an impact on the economy, then we should take some of the credit for this very favourable economic situation.

I might like to take a moment to talk about one of these policies, one of these programs that we have brought into being under the Manitoba Jobs Fund, namely, the Job Training for Tomorrow Program, a program that sees a lot of cooperation between this government and business. People like to forget that, when we get into these job programs, we do deal very closely with the business sector. As of February, we've had nearly 1,000 jobs approved already and approximately another 500 are pending review. We're dealing essentially with the small business sector where you've got one, two or three jobs per employer. We're indeed working very closely with that sector and helping them expand their business.

I might add, Madam Speaker, that this is indeed true training on the job, where there's a training analyst involved. So it's not a matter of just handing out money to the businessperson. We're saying to them, okay, what is it exactly? What kind of occupations are you talking about? What kind of skill do you want to develop here? A training analyst sits down with the employer and works out a training program. It varies, depending on the degree of skill required. The level of training, the amount of training will vary. Certainly we've recognized in this program that we have to give some increased assistance to certain categories - and I mentioned women before. We're trying to provide encouragement to small businesses to hire women in non-traditional occupations; so there is indeed additional incentive there.

Another element of the program is to provide incentive to employers to hire people who are 55 years of age or over - the 55-plus category. I'm very pleased with that particular element of the program and we've had quite a bit of interest taken in that area. If we can help people who regrettably are displaced, usually it's because of changing technology, they lose their job in their fifties, they have a difficult time in obtaining work elsewhere. This is a program that will help them to go out and solicit with the potential employers. They can go out and solicit work for themselves and point out that the government's prepared to provide quite a bit of subsidy money, if they would be hired by that particular employer.

I regret, Madam Speaker, that recently one major report of the Federal Government, namely, the Forget Report, is rather negative for the working people of this country, including the workers of Manitoba, and will have, in my judgment, a very negative impact on the welfare of working people in our province.

We have made our views known to the Federal Government very clearly, and we hope that the Federal Government, in its wisdom, will not accept the major recommendations of the Forget Report on unemployment insurance because if they do, Madam Speaker, this province alone will lose tens upon tens of millions of dollars in benefits paid to our working people through the Unemployment Insurance Commission.

Madam Speaker, the Honourable Member for Minnedosa is asking about how many jobs were created in his area under the Job Training Program. I might add that of the numbers that I quoted, the numbers approved in his area - not for his city or his town, but in his area - has been well over 100. There are many, many more pending. So I think he'll find if he goes around his community, there will be many employers there who will have received some assistance from the program.

Madam Speaker, in concluding, I want to say that I believe, although you could argue theoretically whenever you tax, it has a dampening impact on an economy. The fact is that we are maintaining a high level of involvement in the public sector. There is no major cutback of government spending and that has a positive impact on the economy, and certainly there's a major investment going on in Northern Manitoba, in Limestone, the megaproject that is under way now in the North American economy, providing thousands of jobs and having very positive spin-off benefits in the business sector of our economy. We are blessed with the fact that we have a renewable resource, namely, abundant fresh water flowing down the Nelson River. We've got a resource there that will stand us in good stead forever if we harness it properly, as indeed we are.

So we are maintaining a positive position in the economy. All our programs are geared towards creating jobs, geared towards stimulating the economy. As I say, there are programs in Industry, Trade and Technology, programs in the Business Development Department and even, as I say, the programs under our department where we provide job subsidy money to employers that are beneficial to the private sector.

Our population is increasing, our housing starts are maintained at a high rate, the retail sector is doing

very well and, generally speaking, the economy is in fairly good shape.

The one point I would make before closing, Madam Speaker, is that in giving more money, in effect, to poorer people in this province, as indeed this Budget does, the fact is that people who have low incomes tend to spend all their money and they have a much more positive impact, much more stimulated impact on the economy through spending than giving the money to people who are in the wealthy category, who may spend it, but may spend it outside of the country or who may simply save it.

So, in conclusion then, Madam Speaker, I think that this Budget deserves the support of every member in this Legislature.

Thank you.

MADAM SPEAKER: The Honourable Member for Pembina.

MR. D. ORCHARD: Thank you, Madam Speaker.

Madam Speaker, after listening to several speeches from the members of the government who are attempting to defend this ill-fated Budget, I swear they have all taken the "P.T. Barnum snake oil hucksterism sales-pitch course," trying to sell such an innocuous damaging document. Only P.T. Barnum could tell them how to sell it. It's unfortunate that the last speaker was not quite as eloquent in his pitch for selling this, but then maybe that indicates his enthusiasm for the Budget.

Madam Speaker, we were faced last Monday night with what I describe as the Red Monday Budget, because it put every Manitoban in the red as taxpayers. It put the province further in the red, and there isn't one Manitoban who buys any amount of goods, who heats his home or pays an electric bill, there's not one Manitoban who escaped increase in taxation in the Red Monday Budget. Not one Manitoban has escaped, despite the snake oil salesman pitch that certain income levels are exempt from this Red Monday Budget in its provisions.

Madam Speaker, there's no question about it that the Red Monday Budget was the greatest pillage and plunder of working Manitobans' pocketbooks that has ever been seen in the history of this province, taken from the working men and women of this province by a party that for 14 of the last 17 years of government have said they faithfully defend their interests. Well, last Monday night the working men and women of the Province of Manitoba finally understood what these people will do to them if left in government long enough, and they've already been in there one-and-a-half terms too long, Madam Speaker.

Madam Speaker, the difficulty of the Red Monday Budget from last Monday this week is that it's only just the beginning of what's going to happen in further Budgets tabled next year and the year after by the NDP. I predict that each Budget that the Finance Minister brings down - and the term of the this Pawley administration will be equally as bad - will have the same kind of deficits, the same kind of taxation measures. We only achieved treading water to take our lips out of the water as Manitobans by this last Budget despite the massive tax increases.

For any member that hasn't read the inclusions of the Budget, \$368 million in taxation alone are to be gleaned from working men and women in this province and from businesses.- (Interjection)- My honourable friend from The Pas says given to whom? Given to the bankers in Zurich; given to the bankers in Tokyo; given to the bankers in Manhattan. That's who's got them because interest charges are up to \$500 million. That's who got the taxes. If the Member for The Pas doesn't recognize that then he should read the Budget document.

(Mr. Deputy Speaker in the Chair.)

Mr. Deputy Speaker, what we witnessed Monday night was the NDP vision of the future in the Province of Manitoba: more spending, more taxes, larger deficits, less services, fewer services. Witness already the 9 percent bed cut in Brandon and, when we go through Estimates in Health, we're going to find out that there's going to be 10 percent bed cuts in Winnipeg.

What we are facing right now is the second stage of NDP mismanagement. The first stage over the first four Budgets, Mr. Deputy Speaker, was increased deficits; in total in five Budgets, \$2.5 billion of increased deficit. That was the first stage. What the NDP ran into was a brick wall in the borrowing and they were told by the money managers in Zurich, Manhattan, Tokyo, the European Economic Community - no more borrowing.

So what is their second phase? Then to go back to the people of Manitoba and tax them to death, to pillage their pocketbooks with \$370 million of increased taxation in Manitoba alone, that's the second phase. Mr. Deputy Speaker, the third phase will come before the natural term of this government is over, and that is massive cutbacks, not imposed in a logical, rational way, but imposed because the bankers in Zurich, the bankers in Manhattan, will say as they have said to Mexico, Brazil, Poland, no more borrowing, cut your spending. That's where we are going to be before the natural end of this government's term and that is a disastrous place to be.

Mr. Deputy Speaker, there was no mention of efficiency whatsoever, of achieving management efficiency in government in this Budget. These people simply talk borrowing to cover expenditures and taxing to cover expenditures. They never once dealt with how to make government more efficient.

Mr. Deputy Speaker, what is it that makes these NDP Cabinet Ministers and backbenchers believe that they are running government efficiently? Is it the example of the Member for St. James and the Telephone System with a \$27 million loss? Is that efficient management, Mr. Deputy Speaker? Is that the example that we have in every line department of government? Is it now the example of the Minister responsible for Autopac tabling documents showing a \$58 million loss to the people of Manitoba in that Crown corporation? Is that the example of the efficiency in management that they profess to have within the line departments? Mr. Deputy Speaker, we are in serious trouble in this province, compliments of mismanagement by the NDP and their refusal to even mention management efficiency in this last Budget.

Mr. Deputy Speaker, the one thing that happened to me Monday night as I listened to the Budget come

down and the massive tax increases and the massive deficit and the massive cutbacks in services that are going to result and the hardship upon working men and women in this province and the hardships put upon the business community to maintain the jobs they are now providing to Manitobans, what made me somewhat proud when I heard the disastrous Budget being brought down was I was proud of the fact that from 1977 to 1981 I was a member of Sterling Lyon's government in the Province of Manitoba, because in the four years that we were in government not one service was cut back in the Province of Manitoba; they were expanded.

New programs were added in health, community services, shelter allowances for renters, for elderly. We had massive increases in funding to needy organizations. We maintained our road system. We maintained the Natural Resources Department. Mr. Deputy Speaker, we did it while reducing taxation and reducing the deficit: better services, more services, lower taxes, lower deficits in four years of Progressive Conservative Government under the Honourable Sterling Lyon as Premier. That is a record that I am proud of.

Follow that and contrast it with five-and-one-half years now of NDP mismanagement, taxes going through the roof, double the taxation there was in 1981, deficits of now \$3 billion in six Budgets, soaring interest costs. Mr. Deputy Speaker, the only tax - and I apologize if I slightly misled the House, and I'll apologize for it - because there was one tax that did go up during the Lyon regime, and that was the gasoline tax. But of course at that time we were spending money on highway construction and maintenance in direct contrast to what this incompetent Minister is doing with the gas tax in the Province of Manitoba.

I want to just offer you one set of figures, Mr. Deputy Speaker. This Minister of Highways is spending \$87.9 million on highway construction while his Finance Minister is pillaging the drivers of Manitoba for \$115 million in gasoline tax alone. They are not even putting the gasoline tax, let alone the diesel tax, the licence fees back into the Highways Department. These people are the biggest group of bowser bandits that this province has ever seen. They are pillaging the drivers of Manitoba, and they are not putting one red cent of it back into the highway system.

These people are the greatest gang of gas-pump pirates we've ever seen, and the person who is administering the Department of Highways for the last four-and-a-half years is none other than the MLA for Dauphin, so incompetent that he can't even bring the message of needed road construction to his Cabinet colleagues. He's another lightweight like the Minister of Agriculture is, a rural MLA that cannot communicate to an urban Cabinet. That's why he's the bowser bandit of all time and he's sitting with a group of gas-pump pirates. It's a shame. It's a travesty, Mr. Deputy Speaker.

Mr. Deputy Speaker, during elections, during successive years of debate in this House, no value has ever been assigned to proper management. I will admit, Mr. Deputy Speaker, that when the people of Manitoba vote for an NDP Government they do not expect to elect good managers. They know these people cannot run and manage a peanut stand. They know that there is no business acumen over there; there's no business experience; there are no independent businessmen on

that side of the House. They're either union leaders, professionals or civil servants of some sort or teachers or whatever; there's no business acumen. So, people don't elect them to be good managers.

Mr. Deputy Speaker, I simply want to tell you that the day and age in Manitoba and in Canada where the voters are going to demand that a government be composed of good managers is fast approaching, because what will good management give to the Province of Manitoba?

You know, Mr. Deputy Speaker, I'm amused at the stump leg, the Minister of Education, who insists on continuing to open his mouth. When he does it, his Premier cuts him off at the knees, and why does he keep on doing it? Of course, I know why he's doing it, because his Premier can't hear him right now. Management - and I'll demonstrate this to you in a few minutes - good management, good managers will be responsible in the long run for better delivery of quality service in the Province of Manitoba, in our hospitals, in community services, in education.

Bad managers, like the NDP have been in 14 of 17 years, but particularly in the last five years, since 1981, their bad management will cause more reduction in service, more cutback in beds, more closing of beds, more reduction in education services than in any other administration in the history of this province. And why will that happen? Because the NDP have been poor fiscal managers. They have squandered the financial resources of this province; they have in fact denied the people most in need of necessary and available tax dollars to provide services in our hospitals, personal care homes, in the welfare rolls, in the education system. All support programs suffer because the NDP, through mismanagement, have squandered the financial resources of this province.

Mr. Deputy Speaker, for the edification of backbenchers, and I'd like to have my young friend pass this out to my honourable friends on the opposite side, and I will explain it to them as easily as I can, and that's why I've included those two charts, too. I referred to this last year in the Finance Department Estimates.

If you go to the chart which is called "Province of Manitoba - Direct and Guaranteed Debt - Net Refunding Requirements by Fiscal Year," you will find in the 1981 Budget, the last Progressive Conservative Budget, that the amount of money that would be required as of 1981 to refinance our borrowings in the period of time 1990-1994 was \$600 million. The chart in the back page of this Red Monday Budget document has the same five-year time period now escalated to require refinancing of \$1.973 billion, an increase of 328 percent. And why, Mr. Deputy Speaker? Because these people have squandered the money - \$3 billion in deficit, that is where the increase is. And if you want to see a bigger increase, go to the period of time from 1995-1999. In the last Conservative Budget, the amount required for refinancing was \$310 million during that five-year period. Last Red Monday's Budget has the same document saying it's now up to 1,383,446 higher, four-and-a-half times higher because they have squandered the resources of the Province of Manitoba in five short years.

If we thought Monday night was bad, if we thought the Red Monday Budget was bad, hang on to your hat,

ladies and gentlemen, because wait till the decade of the Nineties when these refinancing charges start to hit the taxpayers' pockets. The Minister of Education is sitting there looking very musingly at what I'm saying. I recall when the first Budget came down and I sat at the end of this row and he sat behind me as the Deputy Speaker of the House, and I turned to him and I asked him, "How long do you think we can continue, the million people in Manitoba, supporting a .5 billion deficit?" Do you know what the Minister of Education told me at that time? He told me it's manageable.

I asked him for his definition of "manageable" and he says we can continue with a .5 billion deficit forever in the Province of Manitoba. What is the Minister of Finance now saying? He is saying, no, we can't. I wonder if the dream-world Minister of Education has woken up to the reality of what deficit financing is doing to the Province of Manitoba.

MR. DEPUTY SPEAKER: The Minister of Education.

HON. J. STORIE: The Member for Pembina in his normal style is intentionally, in my opinion, misinforming this House about the facts. At no time did I ever say that the province was able to sustain a \$500 million deficit indefinitely.

I did say that in 1982 I thought the deficit level we had at that time was manageable. At no time did I say that deficits were sustainable forever.

MR. DEPUTY SPEAKER: The Minister knows there is no point of order.

MR. D. ORCHARD: Mr. Deputy Speaker, the increase in the financing in the decade of the Nineties is \$2.4 billion increased. Interest at 10 percent alone is \$250 million a year. Who's going to pay that? I'll tell you who's going to pay that. It's the people needing hospital services, education services. Those are the people who are going to pay that interest cost, from the so-called manageable deficit that the Minister of Education said \$500 million a year was.

Mr. Deputy Speaker, I want my honourable friend to take one more look at the 1981 Estimates and compare them to the 1987 Estimates tabled with the Red Monday Budget. In 1981, our total debt servicing charges were \$94.6 million, total debt-servicing charges. In 1987, given the creative accounting of the Minister of Finance where he refuses to add in Manitoba Properties Incorporated, the interest charge is there. When you add those in, it is now, Sir, \$498 million annually, an increase of 526 percent in six years; and this is as a result of the manageable deficit that the Minister of Education said was there in 1982.

Does that not frighten you? And I say it should, and I again say to honourable members and I say to the taxpayers of Manitoba, hold on to your hats, ladies and gentlemen, because here come the 1990's, and those 1990's are going to be a nightmare, as given to us by the Pawley administration in their financial mismanagement.

Mr. Deputy Speaker, constantly we hear from that side of the House, what are the answers? What would you do if you were government? As if we are supposed to have all of the answers to solve the problem created

by six years of incompetent, mismanaged government, not only in the line departments, but in the Crown corporations. I have to admit that's a very clever strategy, an extremely clever strategy. It's even got some of the media agreeing, saying, how else would you handle it? But the question is: How did we get here? How did we get into this financial mess and who's responsible for it?

If anybody wants to take a look at who created the deficit in the Province of Manitoba, look to Mr. Schreyer's Government of the Seventies, and look to Mr. Pawley's Government of the Eighties. That's who created the mess, and they did it because they never once, in their 14 years of administration in this province, decided that they were on the side of the taxpayers of Manitoba. They only decided they were on the side of the Zurich bankers who would lend them the money and on the side of their current Finance Minister who was jacking the taxes through the roof. They forgot completely about the people of Manitoba who were carrying the freight, paying the taxes, creating the jobs, and they're still forgetting about them, Mr. Deputy Speaker.

I want to tell you, I did some calculations, and I want to send this one over to the Minister of Finance because I want him to analyze this and tell me where I'm wrong. I realize he's not here, but I know he'll get back to me. Mr. Deputy Speaker, if you want to take a look at the \$4 billion that we're spending in terms of current account spending - that's Capital excluded - it's roughly \$4 billion that we're being asked to approve in this Budget. If you take an average figure, because schools and hospitals, for instance, have 70 percent to 80 percent of their budgets in salaries and wages, so if you take up the \$4 billion that we're being asked to spend, and you say that a conservative figure of 60 percent should be salaries, you have a salary package in this Budget of \$2.4 billion, which is an awful lot of money, a tremendous amount of money.

I want to tell you that in 1982, when we were in our first Session of this Legislature, the Federal Government, which seldom recognized financial trouble, seldom recognized it, introduced the 6-and-5 program, Mr. Deputy Speaker. What was that designed to do? That was designed to reduce inflation. Now at the time that that was going on, every municipal council to my knowledge in the Province of Manitoba sent a resolution in to the Premier and to the Minister of Finance, urging them to go along with 6-and-5 and not continue with the negotiated contract that they'd made with the MGEA. And what did this government do? They ignored that advice, Mr. Deputy Speaker, and as a result we had given to us a contract with the MGEA that was to last 30 months and raise the salaries by 27 percent. Since that time, we've had a three-year contract with zero percent the first year but an extra week of holidays, which is equivalent to 2 percent, and a 3 percent raise the next year and COLA this year to take us to September of '87.

Mr. Deputy Speaker, I've developed the impact of that series of contracts with the MGEA; I've taken a \$1,000 pay package. And from \$1,000 in 1982, we now have that pay package through the contracts let up to \$1,387, and that's without the increments, that's simply on the salary increases. I suggest to you that, if the government had taken the advice of the municipalities,

followed the lead of the Federal Government, they would not have had anybody disagreeing from this side of the House, from the Progressive Conservative Opposition at the time.

They could have reduced the 27 percent contract to 6-and-5. Then they could have gone into the next three years' bargaining and achieved, as I've laid out, a generous settlement with the MGEA or an achievable settlement. After the 6-and-5 and a generous settlement, they could have gone for two years at 5 percent increases, the next year at 4 percent, and then cost-of-living at 4 percent for the following year. Or they could have got an achievable settlement of 6-and-5, two years at 4 percent, one year at 3 percent, the last year at 2 percent.

Incidentally, those settlement figures are higher than the last three years, so don't be deluded, Mr. Deputy Speaker. If you took the generous pay package settlement, you would find that that \$1,000 pay package would amount to \$1,302, a saving of \$85, or 6.5 percent of the wage package of the Province of Manitoba. If you took the achievable settlement, you'd have a further saving of \$122 or 9.6 percent of the pay package of the Province of Manitoba. What does that mean, Mr. Deputy Speaker? Why am I bringing this up? It's because if they had followed the advice of the Federal Government, the urging of the municipalities, they would have had no objection from us.

Take a look at what the Minister of Education did. He said, teachers should be paid zero percent, and that's probably what they're going to be this year. If they had shown that leadership in 1982, Mr. Deputy Speaker, we would have a minimum saving of 6.5 percent on our payroll, which would be estimated at \$156 million. If they had got the achievable settlement through the contract, it would have been a saving of \$230 million.

Now, Mr. Deputy Speaker, that amounts to either one-third or one-half of our current deficit. That, Mr. Deputy Speaker, is where the money can and could come from. That is the solution to the deficit problem, Mr. Deputy Speaker. It could have been achieved in 1982. But, Mr. Deputy Speaker, here's the important factor, here's the important factor in that whole equation. Who did we have dealing on behalf of the people of Manitoba, the taxpayers? Who represented the taxpayer in those salary negotiations? Mr. Deputy Speaker, we had who we affectionately call "Dr. Debt" negotiating on behalf of the NDP, the Member for Rossmere.

Mr. Deputy Speaker, he negotiated this "Sweetheart Contract" with the MGEA of 27 percent and then future contracts, and who was he negotiating with? He was negotiating with one Gary Doer, President of the MGEA, the same Gary Doer, Mr. Deputy Speaker, who now sits as a Cabinet Minister in the NDP Government.

And again, Mr. Deputy Speaker, no one in government protected the taxpayers. It was an incestuous bargaining agreement of two NDPers bargaining with themselves and not caring for the taxpayers. That, Mr. Deputy Speaker, led to one-half of the deficit currently being squandered by the NDP because of their incestuous relationship with one Gary Doer, President of the MGEA, and the NDP Cabinet Ministers negotiating with him. An NDP negotiating with an NDP, raping and pillaging the taxpayers of the Province of Manitoba, and it goes

on and on and on, Mr. Deputy Speaker, because Red Monday's Budget is pillaging further the taxpayers pocket to pay for that incestuous relationship between Mr. Doer and the NDP back in 1982.

Mr. Deputy Speaker, you know, I don't fault Mr. Doer for taking the government to the cleaners. That was his job. The job of the government was to stand up for Manitobans like their button said, and they have failed to do that. Mr. Deputy Speaker, my advice in closing to this group that deems to call themselves government is to stop whining, stop blaming the Federal Government.

The Minister of Energy was on blaming the 4.7 percent hydro rate increase on a 1979 decision by the Progressive Conservative Government. Eight years later he's blaming us for a hydro rate increase, one time forever in this Budget. Stop blaming everybody else, take your responsibilities seriously. Start looking at the management of government and the efficiency of government. Above all, start listening to the business community of Manitoba because, if you don't start listening to the business community of Manitoba very very shortly, you're not going to have one.

How many more times can you take away every bit of incentive in the Manitoba economy to the entrepreneurs, to the investors, to the people who create the real jobs in the Province of Manitoba? How many more Budgets like the Red Monday Budget are they going to be able to tolerate before your professionals leave this province, before head offices and trust companies, insurance companies and banks leave this province, before trucking firms with head offices leave this province because they cannot stand the taxation and anti-business regime?

I beg and I urge you to listen to my colleague, the Member for Brandon West, when he brings to you legislation, a resolution suggesting changes to your anti-business labour legislation. And listen to us and listen to the business community when they're telling you how you are creating the worst business atmosphere, the most anti-business atmosphere between government and business in all of the provinces of Canada. Listen to those business people before they're not here anymore to listen to, Mr. Deputy Speaker.

And to the Premier, stop whining, stop crying and start leading.

MR. DEPUTY SPEAKER: The Honourable Minister of Education.

HON. J. STORIE: Thank you, Mr. Deputy Speaker. I appreciate this opportunity to join the Budget debate. Certainly -(Interjection)-

MR. G. MERCIER: . . . raise a point of order.- (Interjection)- 10 more more minutes, right.

HON. J. STORIE: Mr. Deputy Speaker. I assume that that means because I was recognized that I am not going to lose my opportunity -(Interjection)- Mr. Deputy Speaker. I'm perfectly prepared to let the Member for Pembina continue as long as I'm not losing my right to speak.- (Interjection)-

MR. D. ORCHARD: Mr. Deputy Speaker. I appreciate the opportunity to add 10 more minutes of comment.

because what I did not have time to do - what I was trying to do in my earlier presentation was not to speak to Manitobans, but it was an attempt to speak to New Democrats who sit in this House, to make you aware of the disastrous course you are on in your financing.

Take a look at those two charts. Of the amount of refinancing that is required in the decade of the 1990's, take a look at the increase, 526 percent in debt charges, and ask yourself how many more programs are you going to cut while you're on this disastrous, overspending program. Just ask yourself. But more importantly, Mr. Deputy Speaker, I want to now address this group in government on behalf of the business community. I only had a very few minutes to allude to that. I thought I was out of time.

But Mr. Deputy Speaker, what we have here now in this Budget is a further disincentive for anybody with an entrepreneurial spirit to locate in the Province of Manitoba. Mr. Deputy Speaker, there is no question absolutely in my mind - and these are not my words, these are the words of the Canadian Federation of Independent Business - this was before the Red Monday Budget, - this was the most anti-business government in the country of Canada.

Mr. Deputy Speaker, after Red Monday night's Budget, we have payroll tax increased by 50 percent; we have sales tax increased and the base broadened, so it covers more of the goods that people buy in the Province of Manitoba. For anybody who is in a professional capacity, anybody above \$15,000 a year income, we have a 2 percent surcharge on that person's income. We have a 4.7 percent increase in hydro rates on top of the 5 percent already announced. We have increased telephone rates and Autopac rates. We have increased licence fees for driving. We have all sorts of increased fees.

(Madam Speaker in the Chair.)

The bottom line is, before Red Monday's Budget, you were the most anti-business government and created the most anti-business environment in Canada. You made it doubly worse with the Budget of Monday night.

Where do you think the jobs are going to come from in the Province of Manitoba? Do you think for one minute that you can continue to go to Zurich, that you can continue to go to Manhattan, that you can continue to go to Tokyo, and borrow the massive amount of monies that you have used to artificially prop up the economy of the Province of Manitoba and give you the lowest unemployment rate? How long do you think you can do it? Ask your Minister of Finance. He's already been told he cannot do it much longer.

So where does that leave you? Where does that leave you when you can't prop up the economy artificially? The only people left to create the wealth in this economy are the farmers and the entrepreneurs and businessmen willing to invest in this province to create jobs.

What have you done to the farmers? You've left them; you've abandoned them. You've left them in the lurch. You've done nothing for them, and farmers are going to go broke because of your inactivity, No. 1, in financial support but, more importantly, they're going to be going broke in greater numbers because of the bill you forced through the Legislature last year, The Family Farm

"Destruction" Act. That is going to kill more farmers than any other single piece of legislation, and anyone of you over there who represents a farm community ought to talk to a few farmers and find out how badly that legislation is hurting them.

So now that you've killed the farmer, and this Budget will certainly kill any entrepreneur, they will by-pass this province as if it is a leper colony.- (Interjection)- Oh, Madam Speaker, once again, the Member for The Pas is saying, we've been saying this for five years. Yes, we have, and it has fallen on deaf ears, and now that they have brought in the Red Monday Budget with the taxation regime they've imposed, it will happen, Madam Speaker, it will happen.

This government has done more in one night - the Red Monday Budget night has done more to kill the goose that lays the golden egg than any other government in the history of this province has ever done. More disincentive to investment, more disincentive to wage earners from \$15,000 and up. There isn't an investor in this province that today isn't considering his options of getting out of this province and moving to a province where they appreciate entrepreneurs, risk takers, investors and job creators. That is compliments of the NDP, and the rich can move - these alleged rich that the NDP and the Member for Osborne constantly froth at the mouth about, these rich people who don't pay taxes.

Madam Speaker, when the rich people leave this province and take their investment with them and their factories and their jobs, who ends up being hurt the most? The working men and women of this province end up being hurt the most, the very people that these NDP people claim they stand up for. That's who loses, because the working men and women have deeper roots and they don't want to leave this province, but the investor will.

That's what you've done, that's the scenario you've created, and I think in all due respect, Madam Speaker, they have created it in complete ignorance and bliss. Because I repeat, there isn't a single businessman on any three benches over there, not one businessman, and they don't understand business, investment, risk taking, and the kind of incentive and rewards that must be in place.- (Interjection)- Madam Speaker, I'm surprised the Member for The Pas has to ask if farming is a business. Obviously, he's not a farmer and doesn't know and that's exactly the point I'm making. He has to ask if farming is a business. The man obviously has just demonstrated what I said, that there's no one over there who knows of business, because he doesn't know whether farming is a business. That's the Member for The Pas.

Not one businessman, not one investor, not one risk taker on that side of the House to understand the devastation they are doing to the Province of Manitoba and its implication on the working men and women; and secondly, and more importantly, what it is going to do to your ability and a future government's ability to provide services to those who need them the most and to the people of Manitoba.

It has begun already in the City of Brandon where the Minister of Health has allowed a 9-percent cutback in closure of beds in Brandon. It will continue in Winnipeg, and the Minister is nodding his head. He knows that we speak the truth. There was not one bed

cutback during the Lyon administration, not one bed in a hospital. But here the NDP, the ones that were going to restore the health care system, will preside over its demise, Madam Speaker.

Thank you, Madam Speaker.

MADAM SPEAKER: The Honourable Minister of Education.

HON. J. STORIE: Thank you, Madam Speaker.

I would like to restate, Madam Speaker, that I am pleased to be able to join the debate to add my contribution - and perhaps it's fortuitous that I follow the Member for Pembina because, as usual, his somewhat jaundiced perspective of the affairs of the province always provide a good deal of material with which to rebut and to make comments upon. Madam Speaker, I think he represents one of the most eloquent on that side in presenting the somewhat distorted and unrealistic perspective that they bring to politics in Manitoba.

Madam Speaker, I would hazard a guess that the Member for Pembina in his speech used the word "incompetence" many, many times, and I would like to know what his definition of incompetence is. He used it in reference to the deficit and in reference to the management of the economy. He used it in reference, Madam Speaker, to many other issues, and members opposite are loath to have members on this side indicate that we're prepared to match the performance of this Provincial Government's performance to any in the country.

In fact, Madam Speaker, my colleague, the Member for Brandon East, has on many occasions shown in very great detail that the present government has improved the economic performance of this province remarkably compared to what is the case from 1977 to 1981. Madam Speaker, in 1981, when we assumed office, the Province of Manitoba was nation trailing in almost every economic indicator category that you could mention, whether it's employment creation or whatever it is. But, Madam Speaker, since assuming office in 1981, reassuming office and rightfully so in 1986, we have nothing to apologize for in terms of managing the economy of this province.

Madam Speaker, the Member for Pembina can mouth the word "incompetent" all he wants. Manitobans won't be fooled. They weren't fooled in 1981, when they had let those famous Tory administrators run the province into the ground, Madam Speaker, and they won't be fooled again by the rhetoric of the Member for Pembina.

So, Madam Speaker, I don't know what it takes to convince members opposite that they do need to seriously review the circumstances of other provinces. Madam Speaker, we're being berated because of the level of our deficit. No one on that side has acknowledged the fact that this government has reduced the deficit by some 27 percent, if you consider the projected deficit for 1986 and 1987 and the deficit figure introduced in the Budget Address on March 16.

Madam Speaker, the Federal Government, the soul mates of the members opposite, have introduced its share of tax increases to the people of Canada. It has tried in its own way to introduce cost reduction exercises. Madam Speaker, they have been nowhere

near as successful as our Minister of Finance in achieving a balance of reducing what is a serious problem, and that is the deficit, while maintaining services.

Madam Speaker, we don't hear the members opposite talking about . . .

SOME HONOURABLE MEMBERS: Oh, oh!

HON. J. STORIE: The Member for Sturgeon Creek is muttering in his usual way about tax increases. Madam Speaker, the Federal Government has increased the sales tax four times since assuming office two-and-a-half years ago

So, Madam Speaker, where are we in Manitoba? We are comparing the performance of Provincial Governments. I say this Provincial Government, because of its policies, because of its approach to both the economic and the social progress of this province, compares favourably to any.

In fact, Madam Speaker, I was interested to read in the Globe and Mail only this morning about Manitoba's record. So let's take a perspective from outside of this province, Madam Speaker, and see how they view the provincial economy, how they in fact view our performance over the last few years.

Madam Speaker, I would like to take the liberty of putting on the record not what Howard Pawley thinks about the NDP Government's performance, not what the presidents of our universities think, not what the Leader of the Opposition thinks, but what someone who is observing and has a national perspective on the relative performance of governments thinks.

And what does the Globe and Mail say? The province with the lowest unemployment rate and the highest projected economic growth through 1995 lies in Central Canada. Its name is Manitoba. Only 6.7 percent of Manitoba's labour force was unemployed in February, compared with 6.8 percent in Ontario, 10.9 percent in Alberta, 13.3 percent in British Columbia. Last year employment in Manitoba grew by 2.1 percent compared with the national average of 1.6 percent.

And what happened in that great Tory Province of Alberta - the one that's so well managed by Ministers and governments that are so confident? Employment fell by 3 percent. Madam Speaker, what happened in those Tory provinces that are so well managed to the deficits? What's the deficit in Saskatchewan, Madam Speaker? - projected to be \$1.2 billion, 300 percent higher than projected. (Interjection)-

Madam Speaker, the Member for Sturgeon Creek continues to chirp from his seat, refuses to recognize what everyone else in the country has recognized, and that is the Province of Manitoba needs to take a back seat to no one, to no province, to no government. So they may use their derogatory terms freely as they are wont to do, but Madam Speaker, they know in their heart of hearts that isn't the case. They know that in terms of performance this province is doing better than any other province in the country.

So, Madam Speaker, who takes the credit? Certainly, Madam Speaker, politicians are wont to take credit. Madam Speaker, we know that all of Manitoba deserves credit. The fact is that we have tried to set policies that reflect the needs of Manitobans both in an

economic sense and a social sense. We believe that we have achieved the objectives we set out and, Madam Speaker, we will deal with the real problems that exist, whether they are in the agriculture community, whether they are in terms of our own spending, or whether they are in terms of the social needs that exist and continue to exist despite our best efforts to provide those services to the people of Manitoba.

Madam Speaker, we have all kinds of evidence that we could put on the record indicating that other objective observers of Manitoba's economic situation, Manitoba's economic performance, is more than satisfactory. It is solid; it is substantial. We could talk about the Royal Bank's forecasts, we could talk about the Conference Board of Canada, we could talk about the Investment Dealers' Association. Madam Speaker, we believe that the economic policies that we have introduced do in fact reflect a good measure of understanding of the intricacies of our economy, and the programs that we have introduced, I think, reflect that understanding.

So, Madam Speaker, I don't accept the Member for Pembina's criticism. It is bovine excrement, as some of my colleagues would suggest. However, Madam Speaker, it is nonetheless interesting to hear him speak because he uses facts so imaginatively in presenting his case. Notwithstanding that, it is a creative use of statistics and provides entertainment but not information.

Madam Speaker, I'd like to deal with three issues, I guess, in addressing the Budget Address more directly. The first one I'd like to talk about is the economy of this province and put in context, I guess, the difficult decisions that we face as a government when dealing with the issues of expenditure and revenue generation.

Madam Speaker, the tables in the Budget indicate that the percentage of revenue that comes to the province by the Federal Government through the income tax system and through transfer payments reaches approximately 60 percent of the total revenues of the province. Madam Speaker, we have outlined on numerous occasions, and the Budget does again, the serious flaws in the income tax system which necessitated some of the budgetary measures which were announced on Monday.

Madam Speaker, I'm not going to belabour the point that the federal income tax system does a serious injustice to the majority of wage earners in Canada and in Manitoba, but it is important for members opposite to recognize that injustice in part requires provinces, such as Manitoba, to introduce measures that they would otherwise like to avoid.

Madam Speaker, I want to indicate that is one issue which needs to be redressed on a national level if provinces like Manitoba are going to be left with options, if they are going to be left with options in dealing with their fiscal problems.

Madam Speaker, we also know the lengthy history of the debate between the Provincial Government here and the Federal Government with respect to transfer payments. Madam Speaker, let there be no doubt that the Province of Manitoba has represented the interests of Manitobans since it was elected in 1981 with respect to transfer payments and we will continue to do so, despite the fact that members opposite seem reluctant to take a strong position in support of Manitobans in

this matter. The only member that I think has stated categorically that he supports Manitoba's position and is concerned about the reduction in federal transfers is the former Member for Turtle Mountain. And perhaps that is because he had the wisdom to attend with a delegation of Manitobans, including the former Minister of Finance, to apprise himself of the facts of the matter. Members opposite have remained woefully ignorant of those facts and I think intentionally, because it makes it much more difficult to be critical if you understand the facts.

Madam Speaker, the third issue, the other issue that I would like to deal with in terms of the background to the Budget has to do with another federal-provincial issue. That is the issue of support from the Federal Government with respect to agriculture which affects rural Manitoba, with respect to regional development and regional development programs which affect rural and Northern Manitoba. Clearly, Madam Speaker, we have a problem with the current Federal Government, I think, because of their understanding of the needs of rural and northern parts of this province, because their programming, their approach, whether it be through deregulation or the provision of programs to support regional development, have not reflected the interests of Provincial Governments, whether it be Manitoba or Newfoundland. That is indeed unfortunate because, Madam Speaker, it makes the reallocation that makes the internal choices of Provincial Governments with limited resources that much more difficult.

Madam Speaker, the Budget Address itself outlined our dilemma that I suppose all governments face and that is the question of whether to reduce services, whether to exact a toll in terms of the services we provide to Manitobans or whether to increase revenue. That means, Madam Speaker, increases in taxes and fees of one sort or another.

I think it's clear, Madam Speaker, that we have followed a choice that is consistent with New Democratic Party principle and philosophy. I think it's clear that we have followed a course that is consistent with the wishes and the intentions and the needs of Manitobans, Madam Speaker, and I think interestingly enough if we shave away all of the rhetoric that we hear from members opposite about the need for governments to control their spending, that if we go on an individual level to each of the members and listen to the concerns that they brought to this Chamber - issues that reflect the interests, the concerns of their constituents - we would find that we've done the right thing by members opposite as well.

Madam Speaker, I point out, and I have on a number of public occasions, that the Member for Arthur is one of the strongest advocates for his constituents. When he saw the possibility of his constituents losing service in an effort by the government to reallocate resources, he said no. The former Member for Turtle Mountain raised in this Chamber many, many times the loss of service to his constituency. Madam Speaker, we have members standing up to request additional support for road maintenance, road construction, hospital construction, hospital upgrading, additional beds, additional services. Madam Speaker, members opposite have often told us that they can have it both ways. Well, Madam Speaker, they may think they can have

it both ways, but ultimately the government decides which way they're going to have it.

I think, to their good fortune we've decided that we're going to follow our course of action, that we're not going to do what, if they were government, they would likely be doing, and that is arguing against around the Cabinet table the very interest that they set out to protect when they're on that side of the Chamber. Madam Speaker, Manitobans know what a Conservative administration is like. Thank goodness, they've only had to experience it once in the last 20 years but, Madam Speaker, they said no to acute protracted restraint; they said no to the cutting of services. Madam Speaker, that's what we believed was our first priority - protecting the services that Manitobans have come to expect if not demand, and we have done that.

Madam Speaker, we have done that in a way that reflects the priority concerns of Manitobans: health care, education, services to families and low income groups, single-parent families, to Northerners and to rural Manitobans. If you go through this Budget, you will see, Madam Speaker, that the additional money that has been allocated goes to those priority areas, because that's what Manitobans want.

Madam Speaker, the Minister of Finance when he introduced the 1987 Budget said clearly that one of the objectives of the Budget was to maintain services, and we have done that.

Madam Speaker, I would be remiss if I didn't speak for a moment on the contribution that this government has made over the past few years to education and the contribution that is made through the 1987 Budget and the Estimates of Expenditures.

Madam Speaker, overall funding from consolidated revenues to education has grown by 52 percent since 1981-82. Public schools have received operating support increases of 51 percent since 1981-82. This year, Madam Speaker, the public school system received a \$26.9 million increase, a 4.5 percent increase at a time when other jurisdictions of their political persuasion were hacking and slashing away at that most fundamental of social services.

Madam Speaker, they should perhaps communicate with the Government of Alberta, their political cousins in Alberta, to talk about the reductions that are being experienced in public school systems in Alberta; the teachers that are no longer there to provide instruction; the programs that are no longer there to serve the needs of students; the funds that are no longer available to maintain a quality of education in the public school system and the university system. Madam Speaker, we chose not to follow that course.

Madam Speaker, in the Budget as well, we have indicated that our support to the university system has been beyond inflation, that the increase to the university system amounts to some \$175 million in 1987-88, a 5.1 percent increase over the previous year. The Budget also announced the \$20 million fund which is going to be used to support endeavours to provide and upgrade equipment and facilities at our universities.

Madam Speaker, the Minister of Agriculture was, through the Department of Agriculture, providing support to the farmers by relieving many of them, two-thirds of them of education tax from farm property. (Interjection)- Madam Speaker, the Member for Portage asked the question, why did it take us so long to do

it? Madam Speaker, I don't hear him now chirping from his seat, reduce the deficit. That's not the message I get from that comment.

So, Madam Speaker, we have an additional flow of money out of provincial coffers to support, in effect, directly the costs of education. So, Madam Speaker, what we see in this Budget is actually a movement toward that 90 percent figure which we set as a goal, and we certainly will be reviewing on a regular basis the issue that's been raised by the Manitoba Association of School Trustees and many others about the necessity of removing property tax as a basis for funding education.

So, Madam Speaker, we have dealt with the priority needs of Manitobans and, while we cannot be as generous as perhaps we would like to be, I think we have done as much as we can and done it in a prudent fashion.

Madam Speaker, I could talk at some length about the other quality-of-life issues which have been mentioned by my colleagues on this side that have been addressed in one way or another by question or by request from members opposite, that we think are important.

Madam Speaker, we all believe, and the Minister of Health has stated on more than one occasion, that one of the goals of our health care system should be to keep people healthy, to keep people at home, and to avoid institutionalization if at all possible. So what have we done?

Madam Speaker, because of the concerns of members opposite about the deficit, have we contracted our health care programming in those areas? Have we contracted health care spending at all? Obviously, no. There's an additional \$118 million being put into the health care system in Manitoba to support that system, to maintain it, in fact to enhance it.

In this fiscal year, an additional \$9.6 million, an increase of about 40 percent, is going to be added to the home care budget to provide services to the elderly and infirm, to make it possible for people who are ill to live with dignity in their homes, to save the province money, to save us the additional costs that institutionalization represents.

Madam Speaker, we could talk about the substantial addition to the child care funding in the Province of Manitoba. All of these things, Madam Speaker, are services that Manitobans believe are important; that we, as New Democrats, believe are important. They cost money and, whether we like it or not, if we're going to provide services to Manitobans, we in some way are going to pay for it. I don't think we have ever apologized for increasing taxes or finding ways of meeting the needs of Manitobans. I think that's why we were elected.

Madam Speaker, the Member for Brandon West seemed somewhat surprised that governments that provide service should raise taxes. (Interjection)- Madam Speaker, the Member for Brandon West asked the question: Did we tell them are we going to raise taxes? He mentioned specific taxes. Madam Speaker, I have said on every occasion, as I believe members know, that if you're going to provide services, you're going to raise taxes. Madam Speaker, the New Democratic Party Governments have never apologized for doing that.

Madam Speaker, all governments raise taxes. Madam Speaker, the Member for Brandon West knows that

the Federal Government has raised taxes phenomenally in the two-and-a-half year period. Madam Speaker, the Member for Brandon West has failed to indicate that the Prime Minister of Canada, the current Prime Minister, didn't say that I'm going to raise the federal sales tax four times in two-and-a-half years.

Madam Speaker, what did the Federal Government do when it required additional revenue? What did the Federal Government do when it announced its major goal, and that is reducing the deficit? Well, Madam Speaker, the Federal Government too decided that raising taxes was an appropriate way of getting the additional revenue that they needed to provide services to Canadians. But, Madam Speaker, we have to ask ourselves: when the Federal Government decided it was necessary to raise taxes, how did they go about that? Did they go about that in a way which Manitobans, Canadians considered fair? Did they tax on the ability to pay?

Madam Speaker, how much time do I have left?

MADAM SPEAKER: The Honourable Minister has 13 minutes remaining.

HON. J. STORIE: Thank you, Madam Speaker.

Madam Speaker, when governments decide, as they inevitably do, that taxes have to be raised and revenues have to be raised, the question that people should ask themselves is: How is that going to happen? How is it going to affect me? How am I going to be certain that there's a measure of fairness to what the government proposes?

So what happened when the Federal Government raised taxes? Well, Madam Speaker, we have a Canadian Press article which says, "Only the rich have escaped Tory tax bite." Frankly, I'm not surprised. And if you listen to the Leader of the Opposition, if you listen to the Member for Pembina, Madam Speaker, their plea is for the wealthy and the rich. That's who they are there to protect.

Madam Speaker, what has happened as a result of federal tax increases? Well, of course, individuals pay more taxes, some 48 percent. And corporations pay how much? A 3 percent or 4 percent increase. Madam Speaker, are the poorest - there's a 48 percent increase for individuals - relieved of that burden? No, Madam Speaker, an individual who's earning \$7,000 pays 148 percent more in income tax. Well, that may be fair if someone who's earning \$300,000 pays 300 percent more, but no, that's not what happens. Madam Speaker, the wage earner, the person earning \$7,000 pays 148 percent more; the person earning \$21,000 pays 35 percent more; the person earning \$100,000 pays 2 percent more. That's progressivity, Tory style.

Madam Speaker, this is an abomination, and the latest poll results, I think, clearly indicate that that isn't a feeling which represents a New Democratic Party feeling. It's a feeling that is held by many, many, many Canadians.

Madam Speaker, so what happened when a New Democratic Party Government decided that revenues had to be increased? How did we decide to share the burden? Madam Speaker, I can only indicate that, while it is never a pleasant task to increase taxation, when it has to be done the issue of fairness, the issue of equitability has to play a paramount role.

So, Madam Speaker, what happens in the 1987 Budget? Well, Madam Speaker, low-income people, that example, that \$7,000 wage earner pays less income tax as a result of this Budget, not more. Throughout the Budget, throughout the tax changes that were introduced on Monday night, we have attempted to make sure that Manitobans contributed to the protection of our essential services according to their ability to pay.

Madam Speaker, I don't think anyone needs to apologize for following that principle. I think that members opposite espoused the same principle. Unfortunately, when they were government, and their counterparts across this country, while espousing the principle have seldom, if ever, followed it up with action. It has always been a principle to drag out, if you will, on election day and something that's ignored when Tory Governments are elected and they're sitting around the Cabinet table trying to decide how they're going to impose their system of justice on the unsuspecting public.

Madam Speaker, the objectives of this Budget were threefold. No. 1, to protect essential services, and we've done that. Madam Speaker, we have listened to the will of Manitobans, and we have provided for increased revenue to those services that Manitobans have come to rely on.

The second principle, Madam Speaker, deals with the issue of fairness in raising the revenues to provide the services that governments are elected to provide. While there will be moments of discomfort, the fact of the matter is that the Budget reflects fairly the principle that Manitobans can contribute to our own growth and development on the basis of their ability to pay. While we are hamstrung, while we are limited in what we can achieve in the way of taxation, because of our reliance on the federal system, we have attempted in whatever means we have to follow through with that principle in raising revenues through the Budget.

Madam Speaker, the increases that have been directed to farmers, to the educational system, to our universities and hospitals, I think are going to go a long way in supporting the wishes of Manitobans and, I think, despite what the Leader of the Opposition suggested in his speech, that Manitobans are going to understand the increase in taxes is something that is supportable and that they understand the alternative to increasing taxation is a reduction of services, and that's not something they countenance lightly.

Madam Speaker, the principle, I guess, that one should follow what is fair and just and common sense has to be preserved. The Minister of Finance is to be commended for the courage he showed in bringing in a Budget that was tough but fair to all Manitobans, and I hope that members opposite, when they have their opportunity to speak to this Budget, will reflect somewhat more thoughtfully on their desire to have it both ways because, unfortunately, we can't have it both ways. We have to make the decisions about where the revenue is going to come from to pay for their dreams and the dreams of Manitobans. When it comes to fairness, when it comes to finding that balance, I think the Minister of Finance and this government have done it on many occasions, much to the chagrin perhaps of members opposite.

Madam Speaker, I thank you for providing me with this opportunity. I look forward to the contributions of

members opposite and my colleagues. I hope that the results of all these words will be the implementation of what we all want, and that is the improvement in the quality of life for Manitobans. That is what we strive for and, while we may differ on how it's best to achieve that either in the short term or the long term, Madam Speaker, we have for four out of the last five elections been chosen by the people of Manitoba to do the best job that we can on their behalf. I think we've done well.

Madam Speaker, I look forward to defending this Budget and to defending the policies of this government, not only in the Legislature, but anywhere else where I might have an opportunity to attend, because it is not only defensible, it is responsible, progressive and timely for Manitobans.

MADAM SPEAKER: The Honourable Member for La Verendrye.

MR. H. PANKRATZ: Thank you, Madam Speaker.

It is indeed a privilege and an honour for me, on behalf of my constituency, to respond to the Budget; but, before I do, I want to take this opportunity to congratulate His Honour, the Lieutenant-Governor, Mr. George Johnson, and I'd like to wish him well in his fulfillment of his honourous duties.

Madam Speaker, I also wish you well in this Session, but also do hope you will have the courage to live up to the duties and responsibilities that your office holds. In my humble opinion, I would have to question whether that has been the case in the last three weeks.

MADAM SPEAKER: I do hope the honourable member is not reflecting on the Chair.

SOME HONOURABLE MEMBERS: Oh, oh!

MR. H. PANKRATZ: I'm not reflecting on the Chair, not really.

I also take this opportunity to congratulate the new Pages in the House. It must be a great experience for the Pages. I also want to take this opportunity to thank Bob Brown and Gerry Forrest, the Deputy Minister of Municipal Affairs, for trying to explain to us this morning the very complex issue of assessment which exists in our urban and rural areas.

I believe, if the Minister of Municipal Affairs had lived up to his responsibility and his commitment of a year ago, that this problem we're facing today could have been resolved.

In respect to the Budget, our leader stated it exactly the way I believe most of us Manitobans see it, the way it is. It is the biggest tax grab that ever has been put forward in any Budget in our history.

A MEMBER: That's right.

MR. H. PANKRATZ: Total tax increases amount to \$368 million. There is no reduction in expenditures whatsoever, Madam Speaker, no belt-tightening by the government, no cutbacks of their public relations people, what has been referred to so very often as "apple-polishers" and, naturally, the political hacks. There is no admission of mismanagement and waste, Madam Speaker.

Yesterday and today, during question period, it again became evident that another Crown corporation, the MPIC, is in trouble; and we will have another hearing starting on Tuesday, and who knows where that will land up. They have raised the majority of the \$368 million in additional new taxes on the backs of the Manitoba taxpayers. Madam Speaker, it is an example of a government which is out of control.

The Minister of Education always refers to Saskatchewan or the Federal Government. I would like to just state to him, you're elected for Manitoba, and we are the Opposition for Manitoba. We're not here to defend Quebec, Alberta, Saskatchewan or Ottawa. You're elected for Manitoba, and the Minister is trying to divert it, so it is good. He's trying hard, but how high can the quality of life be when the average income of a wage earner in Manitoba is \$15,000.00?

(Mr. Deputy Speaker in the Chair.)

This NDP Government continues to provide an unattractive business climate. It is business that provides jobs, jobs that we need in this province. This Budget is a major disappointment. It will discourage many a business from locating in Manitoba and, even worse, the people of Manitoba who will bear most of the load of the increased taxes, Mr. Deputy Speaker, increases made necessary because of mismanagement and a misdirection of funds.

We need better fiscal management. The Minister of Finance states this Budget will help farmers and low income. The Minister is going from nation trailing to nation leading and, No. 1, the highest foreign debt, 58 percent, almost 9 billion total deficit to date, also almost the highest in the provinces of Canada.

Mr. Deputy Speaker, I truly believe I have the privilege of representing one of the finest constituencies in the province. I truly believe we must be one of the least demanding constituencies as well but, having said that, Mr. Deputy Speaker, I believe it is my duty on behalf of my constituency to make the Government of the Day aware of the inequities that still exist and which they fail to address.

Mr. Deputy Speaker, with respect to roads, the PR roads do not get adequate attention and maintenance which the province is responsible for. Last year, in my constituency, the only construction was three miles of upgrading and some gravel on some existing roads in the LGD.

But, Mr. Deputy Speaker, we are hopeful this year. We did make a presentation late last year on behalf of the New Bothwell community to improve PR No. 311 and 216. The Minister did give us an assurance he would consider them in his 1987 Estimates. So, Mr. Deputy Speaker, it is a waiting game. But by cutting the Budget each year, the services on these roads is being neglected. I hope not all funding, the 20 million, will go to just bridge building.

I also have in my constituency a large portion of the LGD of Reynolds; 80 percent of the LGD is Crown land. The LGD does not collect any taxes from this 80 percent of land or grant-in-lieu. I think the members in government should realize this. I believe they possibly maybe aren't even aware of this discrepancy that is taking place but, Mr. Deputy Speaker, the roads in the area give service to the total area of the LGD's.

Mr. Deputy Speaker, this is a reason basically why a 50-50 grant-in-aid is in place at the present time, but this is what the Government of the Day is trying to cut or is stating it will be cutting. These roads in the LGD give service to lumber and pulp cutters, fishing, hunting, trapping, nature lovers, etc. The government does collect annual fees or licence fees from the ones that I did mention.

Mr. Deputy Speaker, in 1984, they cut all the support for surveying to these LGD's, and now the grant on roads? What will be next for this already depressed area? Mr. Deputy Speaker, now the Minister of Municipal Services is recommending that the last two years be averaged, then cut by 25 percent, which would amount to about a 35 percent cut for the LGD's. Do other sectors get cuts? Mr. Deputy Speaker, out of a total Budget of \$4 billion, we have an increase in taxes of 387, which is approximately a 9 percent increase of that.

Mr. Deputy Speaker, I want to touch on the Telephone System in my constituency. I believe telephones are definitely an essential service and everybody in Manitoba should be privileged to be equally entitled to using these telephone services. I do not want to bear on the 28 million MTX loss; I want to try to explain the regional service problems or the inequities in the service problems that we are realizing.

Steinbach is a centre, and around Steinbach are different communities like Grunthal, Niverville, Landmark, Kleefeld and New Bothwell, all within 10, 15, 20 miles. All of these are toll-free areas to Steinbach, from Steinbach and also in between each of these communities.

To the east of us, we have a community of La Broquerie, which is seven miles east. They have just, as of the first of this month, come on stream that they can phone to Steinbach, but none of the other communities; it's all long distance. Till now, even to Steinbach was long distance, 7 miles away.

Then to the north, 10 miles, we have Ste. Anne. Anywhere that community phones is long distance right to this day. It's a community about five miles wide, a telephone district five miles wide and about 20 miles long. Every one of their calls are long distance.

Mr. Deputy Speaker, we in the southeast would like to enjoy the same services at the same or equal cost, and I believe that some of our areas in the southeast are definitely discriminated against. Why, Mr. Deputy Speaker, must we put up with this type of mismanagement in our Telephone System?

Mr. Deputy Speaker, I'm not referring to the staff of the MTS. I'm referring to the Minister of MTS who makes policies whereby basically we've had to lose 28 million in MTX and now we have all kinds of other problems with it, which I realize, and I believe everybody in the Province of Manitoba should be able to realize - equal services.

Mr. Deputy Speaker, did you know that MTX under their foreign exchange last year lost \$19 million? I believe that a utility like MTS should have long been paid for and should not have been used as collateral, borrowed money and money squandered like through MTX and other possible different Crown corporations where the money possibly has been filtered through to. But not giving the people of Manitoba the services that they deserve for the telephone, Mr. Deputy Speaker, this is

a serious inequity that we are realizing in the southeastern part of the province.

I now want to take you to Falcon Lake. Last year, we were shocked when the department notified the community that the ski hill was not making money and that, in all likelihood, it would have to be closed. During the season, it had lost \$20 million. During the Estimates, we asked the Minister for a breakdown of all the costs and income as it pertained to Falcon Lake recreation area. To date, I have not received any of the information.

The department stated we would like to privatize - and I want you to make note of this - the ski hill. I want you to make note of it. But, Mr. Deputy Speaker, the province lost 1 million at Hecla. Do we close it down? Do you consider privatizing it? I believe one of the biggest highway projects that this province undertook was at Hecla, aside, naturally, from the bridge which goes nowhere.

(Madam Speaker in the Chair.)

Madam Speaker, then came the real cruncher. The Department of Education wanted to close the school at Falcon Lake. They gave them 20 months' notice and proceeded with a two-week study. Well, Madam Speaker, March 16 on Budget night, they were notified that the school would not be closed. But, Madam Speaker, can you imagine the uncertainty that this has injected into this small but vibrant community? This school at Falcon accommodates students also from West Hawk, approximately 25-35 students from Grades Kindergarten to Seven.

Madam Speaker, why put this fear into the residents, teachers, civil servants, etc., who live in the area? A two-week study, all those figures the department had were available before they had to go into the two-week study. They need not have first of all put the fear of closing the school into the community. They had all those figures, Madam Speaker, before.

These year-round residents supply a tremendous service for all cottage owners, campers, boaters, skiers, fishermen, snowmobilers, hunters and trappers on a year-round basis. I would guess in summer in the vicinity of 30,000 people at one time enjoy and depend on the services of these communities.

Madam Speaker, will this government threaten the RCMP next, like in Western Manitoba and close down three detachments? Well if you, Madam Speaker without consultation can close three detachments in the western part of the province, which one is next? Maybe Falcon Lake. If you were a businessman or teacher or RCMP, Hydro Department, or Natural Resources employee or, for that matter, and one of the year-round residents, young people and possibly who had just bought a home with a young family whose children are going to this school, what would that tell you? That would, in my opinion, tell you the warning light is there. You must realize this government will close down the services in the community instead of giving them the assurance and the support that they need.

Madam Speaker, what this government needs to do is to foster the community, encourage, support, work with the business industry to see how we could improve tourism. We are telling the people we are closing you down. Madam Speaker, we need the assurance from

this government that these essential services will not be cut and instill confidence in the community.

Madam Speaker, my colleague, the Tourist critic, stated that tourism contributes about \$6 million to the Manitoba economy each year. Out of every tourism dollar spent in Manitoba, 80 cents is retained here in Manitoba and re-spent in the province. Madam Speaker, for the record, in the February Newsletter of Tourism Manitoba, Eastern Region, I'd just like to read to you from the President, Judy Cannell (phonetic), what she states in this letter: "1987 is shaping up to be the most exciting year ever for tourism in Manitoba, Eastern Region." Further in this newsletter, you will read of some of the new programs being put into place and changed to some existing. We have a list of new projects which include - and I won't go on reading all of those - but what I'm trying to indicate is that Tourism Manitoba, the Eastern Region, the staff, they are enthusiastic, trying to help along, foster tourism.

But then what happens? Tourism statistics released for Manitoba are 7.7 percent down. Our critic placed the blame directly on the NDP Government and their lack of initiative in promoting tourism in Manitoba. He says: "Ever with the decline in foreign visitors to our province over the past year, there is absolutely nothing offered in the Throne Speech in the way of new ideas to enhance tourism, an important sector of our economy, although Tourism Minister Hemphill has called American tourism an insignificant market." Can you imagine? When you're looking for areas of potential growth and development, every market is significant. But our Minister calls it an insignificant market. Well, I think in my opinion that exactly puts a finger on the difference between socialism and private enterprise. It is obvious that this government does not support enthusiasm taken by some of these departments in trying to foster tourism.

I then want to take you to this Manitoba '86 Tourism Information for Visitors to Manitoba, this book, I think it's a great book. There's a lot of good information about all the different areas in the province. But I believe that the Minister is directly responsible for what is in this book and what it is lacking.

In Steinbach, we have the Mennonite Village Museum. It is one of the five largest museums in the Province of Manitoba, and by studying this book line by line I finally found three lines which we're talking about, one of the five largest museums in Steinbach. I want to read that to you, and I quote out of the book: "Some of the other attractions of the region are: the Mennonite Village Museum in Steinbach." That's the only mention of one of the five largest museums in the Province of Manitoba. - (Interjection)- It did not have a 7.7 percent reduction in the number of people who visited the museum. As a matter of fact, I would like to, for the record, state that about 45,000 people went through that gate. I believe the Minister is directly responsible as to what is lacking in this book.

Madam Speaker, Steinbach is the largest centre in my constituency and it is in need of expanding its lagoon structure, the water and sewage. The Federal Government is in a position where it would like to enter into an agreement with the province whereby funding could be made available to communities like Steinbach and others, Selkirk possibly or Brandon, if they are in need of it. But this province is reneging on its agreement.

In the Throne Speech, the Federal Government reaffirmed its commitment to western economic diversification. Already a number of initiatives have been undertaken through federal-provincial Economic Regional Development Agreements, namely, ARDA. A \$1 billion matching grant program has also been announced. This province has taken the initiative to make a \$60 million agreement in place, which is 30-30; 30 for the province, 30 from the Federal Government, but it does not take the initiative to get a sewer and water program in place. It is unfortunate that communities that would like to expand, which are actually the growth area of the province, are now being hampered by this mismanagement - basically of this government. The federal money is available, but there is no agreement in place.

I believe this is possibly where the former member of this House, Andy Anstett, is still doing a study. I'm just wondering how long that study will take. Madam Speaker, I would hope that from all the mismanagement that this government would have learned that it is not capable of handling the financial affairs of this province. It again has become apparent with this Budget.

Madam Speaker, this government, through all their wisdom is constantly penalizing efficiency, efficient communities or efficient school boards or municipalities. This government, Madam Speaker, penalizes progress and good management and it is a deterrent to the business climate in this province.

Last March, the Premier promised a control and reduction in gasoline prices in Manitoba. We learned today that it is one of the highest in Canada basically among the provinces. The Premier announced over 4 billion of new electric hydro sales to the U.S. and instead we have only a small sale to date, 46 million.

Madam Speaker, the Minister of Education was referring to a Globe and Mail article. I wish that the Minister would first feed the Globe and Mail the true figures, then possibly it would make a difference to the article. Because here it's talking of the sales - why aren't these sales confirmed? So obviously the Globe and Mail is not receiving true information from the Province of Manitoba.

Then naturally the Premier promises to oppose tax breaks for the high-income earners, yet supports investment of two of his Cabinet Ministers - the CRTC tax avoidance scam that robbed the poor - that alone, the poor and the needy, of \$100,000 of tax revenue - \$100,000.00. The Minister of Education, now you can see where to get your money from, which you were talking about before. That's maybe one place now.

The Premier promised an open government, yet has refused to proclaim The Freedom of Information Act for more than 18 months and refuses to allow a full public inquiry into the MTX scandal. Now, we've got the MPIC. Will he allow this to be reviewed? Well, I have my doubts, Madam Speaker.

I want to now take you to the February issue of the Business Magazine Information on new Flyer forging ahead. This is Flyer that was sold and the Province of Manitoba lost \$1 million to sell it.

A MEMBER: What's it doing now. what's it doing now?

MR. H. PANKRATZ: That's a good question. I'll just read a few articles from it. Maybe you should read the whole article; I'll give it to you later on if you so desire.

"There is an air of optimism at the Transcona plant of new Flyer Industries. For the first time in many years, workers at the bus manufacturing company feel secure about their future. It's a nice change. It was a mutually beneficial arrangement for both parties." The government finally rid itself of a 16-year-old financial burden. You've been government now, how many years? -(Interjection)- That, at last count, has cost the province's taxpayers approximately \$100 million.

"Den Oudsten is confident that it can turn Flyer into a profitable organization by reducing high overhead costs." For the record, I also want to state what our Finance Minister stated, "After all, Flyer was bankrupt," says Finance Minister Eugene Kostyra, "despite claims to the contrary." -(Interjection)- We've got a little bit of static from the government side of the House, Madam Speaker. Possibly you could ask them to just calm down. Thank you, Madam Speaker.

Another quote: "From the beginning, the government mismanaged the operation" - I can give you this article later on, if you so desire - ". . . but unlike the free-enterprise Tories, the NDP was still convinced that government ownership by Flyer could work.

"First a consultant was hired to see what could be done to cut the outrageous overhead costs and remedy the dismal management situation. It was not long however, before the Pawley Cabinet concluded that a bus manufacturing company should not be a Crown corporation. There is a need and a role for Crown corporations in various sectors of the economy," explained Kostyra, "but not in such a competitive business as bus manufacturing."

Well, Madam Speaker, it just proves - not in competition. "Restoring the old Flyer's tarnished reputation is obviously the most important task ahead for new Flyer." That's what the president of Flyer says today, ". . . the old tarnished image," so hopefully, we want to wish them well in their new venture.

I want to then take you to an article which is in February 2 in the Winnipeg Sun, which the Member of Inkster, his resolution and I want to quote directly from the Sun. "Premier Pawley missed the point." This is stated by the Member for Inkster. "Premier Pawley missed the point of a resolution calling for the government to get rid of money-losing Crown corporations, the NDP MLA who moved it, said yesterday.

"There was some misunderstanding because it is quite clear that what the resolution says is what the government is doing right now, says Don Scott, Inkster. He (Pawley) was one of the people who misinterpreted it, he says.

"Scott asked the delegates during last week's provincial NDP Convention to pass a resolution which would see the government sell off Crown corporations to reduce provincial debt. Scott said he wasn't talking about Manitoba Hydro or other public utilities, only money-losing commercial ventures like Manfor.

"We, in the past, have tended to feel, because it is a government corporation, it works in the public interest, which isn't true, he says. He pointed to Flyer Industries as an example of the change in government attitude towards selling off money-losing corporations.

"Altogether," and I'm still quoting the Member for Inkster, "Altogether the Crown corporations cost the province \$265 million," he says, and we have now just

through the Budget taxed \$380-some million, so it's almost the total amount that these Crown corporations are losing.

"Labour Minister Al Mackling was one of them. He was Telephone Minister during the disastrous MTX affair. MTX could cost taxpayers \$25 million in winding down. One delegate said the party would be the laughing stock of the country if it had passed this resolution.

"I am proud of our Crown corporations. They don't need a re-examination." Our Premier says, this is what our Premier says.

I want to also for the record take you to this C.A. Magazine, November issue and I want to quote from this article: "Politically-based arguments begin to lose their importance when the overriding evidence in favour of privatization is presented. A major study by the U.S. Department of Housing and Urban Development found services anywhere from 20 to 50 percent more efficient when provided by the private sector.

"Japan and Germany show savings of well over 50 percent in certain savings, and even more convincing are some of the concrete examples of savings that have been made in Canada and the United States," and here's a whole list of them but I will only read you the one.

"Chatham Ontario reduced refuse collection costs from \$600,000 to \$200,000 a year with very little change in the level of quality of service provided." And then it goes on, "How does a private sector do it? Given these impressive examples, and the evidence is mounting every day to support the switch to the private sector, it seems only logical though to ask how the private sector can offer such savings."

Well, Madam Speaker, I want to carry on and read, "If you consider the Chatham refuse collection case for instance, it was productivity rather than wages or service levels that changed so dramatically. Municipal crews averaged only 160 residential pickups per day while private crews averaged 360.

"In general, the profit motive is a strong incentive for private companies to keep personnel and equipment on the job. In the case of our refuse collections, more efficient routes are often designed and more efficient equipment purchased. Competition helps to ensure that private firms don't become complacent and let the quality of their service slip."

Madam Speaker, I think that article reads for itself.

Madam Speaker, I want to now talk a few minutes on the Hydro. This government tendered projects, the gates, etc. The lowest tenders were not necessarily accepted and it was asked right here in the House, some of the tenders and they were not revealed in this House. The information was requested. We couldn't find out basically who had tendered and neither the amounts. Some of them were not even tendered, Madam Speaker.

Well the Minister of Education, he read from the Globe and Mail, I also want to quote the Globe and Mail. "Premier Pawley, however, has a few skeletons of his own rattling around back home. According to the Winnipeg Free Press, October 27, Manitoba Hydro twice rejected low bidders to major contracts, in favour of ones likely to produce more benefits for Manitoba. In other words, the sanctity of the bidding system for public contracts is fine if you like the low bidder, but expendable if you don't."

The Minister of Energy and Mines does not reveal the names of who bids and what the amounts are. Madam Speaker, I have a list of tender results of 13 different bids that were handed to me from my constituency that were bid to the government. There are about 16 of them; 13 of them were low bids, and not one of them were accepted. I've got them in my hands, right here.

A MEMBER: Thirteen of them?

MR. H. PANKRATZ: Thirteen of them. It is a shame for this Government of Manitoba to treat business in such a disrespectful manner. The Minister of Energy and Mines says I should table it. He has these copies. I received these copies. Madam Speaker, it is a responsibility of a good government to regulate the economy. In a time of recession, yes, a government should regulate the economy, but when times improve, like we are realizing today the low interest in Canada, then our government should be reducing the government input.

But what are we doing? Our economy is a false economy. No. 1, it is built on borrowed money. And to build a power facility where the Premier indicated a year ago in his Throne Speech of the \$4 million worth of sales, and today, like I stated before, we have \$46 million - a \$4 billion sale, pardon me - and today we have a \$46 million sale.

North Portage is again where the feds are contributing large sums of money into a project that will also be short-lived. Once a project is complete, the cash is spent and we are on our own with no future to build on except cry again, "The feds are not doing enough."

Madam Speaker, this brings me to the point where our government, and in the Decter Report it states that this government should have a five-year plan. It doesn't even have a one-year plan, Madam Speaker. And I believe municipalities are held to a five-year plan. It doesn't mean that you can't digress from the plan, but at least there should be something for the people of Manitoba that they could see in which direction we are heading. What this government should be doing is investing in long-term jobs like manufacturing.

We saw in the beginning of February, Madam Speaker, the Versatile plant reopen with the federal infusion of money. It was surprising for me to notice that not one of the government NDP members were at the opening of Versatile, which by the end of this year shall employ, Madam Speaker, approximately 900 people. And they talk about being concerned about people! These are livelihoods. These are 900 people that have families and homes and children to support. I just can't believe it that the Government of the Day did not show any interest in allowing a plant of this nature to get off the ground and that these people would be back at work in Versatile.

We must foster this kind of industry exactly like Versatile where we will have long-lasting benefits. Madam Speaker, Versatile is the only four-wheel drive manufacturing company in Canada, the only one, and we have it in the province and this government does not show support or interest. I should say we have Versatile in spite of this government.

Then, Madam Speaker, agriculture. For the Province of Manitoba, agriculture is still a No. 1 industry. What

has this government done to foster our agricultural industry? You have heard from our agricultural critic what the Provinces of Alberta and Saskatchewan are investing in their agricultural industry in comparison to Manitoba. Our Minister is incompetent to recognize the plight that our farmers are forced to suffer because of it.

MADAM SPEAKER: Order please.

MR. H. PANKRATZ: Madam Speaker, could you please tell me how much time I have left?

MADAM SPEAKER: Is the honourable member's light not flashing? He has three minutes.

MR. H. PANKRATZ: Oh, thank you very much.

Madam Speaker, I can sure understand that the Government of the Day does not realize the plight that actually is being experienced in the agricultural sector.

MADAM SPEAKER: Order please, order please. I can't hear the honourable member.

MR. H. PANKRATZ: I'm happy to realize that they at least started . . .

MADAM SPEAKER: Order please.

Could honourable members please let the Honourable Member for La Verendrye finish his speech so other members can hear?

The Honourable Member for La Verendrye has two minutes.

MR. H. PANKRATZ: Thank you, Madam Speaker.

I was on agriculture, and I am really pleased to see that there is at least some relief in regard to the educational tax, but we in this government stated we would remove 50 percent of the educational tax. This is a long way to go to what our government did indicate that we would be doing for the agricultural sector.

Well, naturally, Madam Speaker, the Minister for Agriculture, as I have stated before, he has a turkey contract for the people of the Province of Manitoba. They pay all costs. They have all the costs, which are costs plus profit, and it is all passed on to the consumer of the Province of Manitoba. And he cannot actually realize the plight that our agricultural sector is in actually and, especially, I am referring to the beef, the cereal grain, the hop raisers and the special crops. That is unfortunate, but I do not want to belabour that point that much.

I hope the Minister of Agriculture, eventually, we will be able to get through to him. But what I would like - I believe my time will almost be up - we must implement in this Province of Manitoba whereby young farmers, young homeowners, first-time owners, can borrow money again at a long-range fixed rate interest. I believe that it should be for 20 years and that's what this government should be putting in place. They should be working with policies whereby people know for a long range, for 20 years, they could buy their homes, they could borrow the money, buy farms, whatever; but to give them what you could call these little bits of crumbs as "handouts" - finance or lease if you are in

debt when you first of all never can see daylight, and then give them just a couple of hundred dollars or something in relief and interest payment - that is no solution to the farmer, Madam Speaker. So, with that, I realize I have to quit; my time is up.

Thank you very much, Madam Speaker.

MADAM SPEAKER: The Honourable Minister of Government Services.

HON. H. HARAPIAK: Madam Speaker, I would like to participate in the Budget Debate, but I believe there is a will in the House to call it six o'clock.

MADAM SPEAKER: Is it the will of the House to call it 6:00 p.m.? Agreed?

HOUSE BUSINESS

MADAM SPEAKER: The Honourable Minister of Education.

HON. J. STORIE: Madam Speaker, before we do call it six o'clock, on a matter of House Business, as the House Leader indicated earlier in the day, the Standing Committee on Public Utilities and Natural Resources will be meeting to consider the Manitoba Public Insurance Corporation's Annual Report. That meeting will occur on Tuesday, March 24, at 10:00 a.m. in Room 255.

MADAM SPEAKER: The hour being 6:00 p.m., the House is now adjourned and stands adjourned till 10:00 a.m. tomorrow. (Friday)