

LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, 3 March, 1988.

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 Minister of Energy and Mines.

HON. J. STORIE: Madam Speaker, it is my privilege to table the 1986-87 Annual Report for the Department of Energy and Mines.

MADAM SPEAKER: The Honourable Minister of Municipal Affairs.

HON. B. URUSKI: Madam Speaker, I beg to have leave of the House to table two reports: The Annual Report of the Municipal Employees Benefits Board for the year 1986; and the Annual Report of the Municipal Board for the year 1987.

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

ORAL QUESTIONS

Budget - increased tax revenue

MADAM SPEAKER: The Honourable Leader of the Opposition.

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

Although last Friday's Budget was advertised as having no major tax boost for Manitobans, the revenue figures show an increase of revenues of \$185 million in personal income tax revenue.

According to Revenue Canada, in the last year for which figures are available, 450,000 Manitoban tax filers paid income tax in that year. Madam Speaker, has the Premier been informed that that increase of revenues of \$185 million in personal income taxes represents an average of over \$400 per taxpaying Manitoban more in taxes for this fiscal year?

MADAM SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Madam Speaker, as to the exact calculations, the Minister of Finance will be here in a few moments, and I'm sure we'll be in a position to respond to the precise calculations.

Madam Speaker, insofar as our total Budget, it was directed towards - and I think acts in a very responsible

way to ensure - the maintenance of health in the Province of Manitoba and the maintenance of jobs, and at the same time was able to significantly reduce the deficit in the Province of Manitoba, in fact, at a rate which was far superior by way of total deficit reduction than that by the Federal Government in Ottawa who had brought down their Budget but a short time before.

So, in overall, Madam Speaker, I believe that this Budget was a responsible one; it was sensitive; it met the priorities of the people of the Province of Manitoba.

MR. G. FILMON: Madam Speaker, is the Premier indicating that he was not informed of this major increase in taxes that have been imposed upon the taxpayers of Manitoba, over \$400 per taxpaying Manitoban more in individual income taxes? Was he not informed of this?

HON. H. PAWLEY: Madam Speaker, the member is referring to the Budget last year in which there were tax changes that were fair, tax increases that were introduced in order to ensure the major priorities of this government. I mentioned before, by way of job creation, by way of ensuring that we maintain our health care system in the Province of Manitoba, that we not cut and slash as has happened in other jurisdictions ruled by Conservative Governments.

In this year's Budget, Madam Speaker, we were able to restrain any tax increases to a very small amount involving the unleaded gasoline tax, the tobacco tax, the mining tax. At the same time, Madam Speaker, we were able to reduce the deficit at a rate faster, much faster, than that done by the Conservatives in Ottawa, at a rate which compares more than favourably for this New Democratic Party Government as opposed to Conservative Governments in Saskatchewan, Alberta and the Province of British Columbia and at the same time to meet those priorities of the people of the Province of Manitoba.

MADAM SPEAKER: Order please.

May I remind Honourable Ministers answers to questions should be as brief as possible, should deal with the matter raised and should not provoke debate.

MR. G. FILMON: Madam Speaker, this Premier . . .

MADAM SPEAKER: The Honourable Leader of the Opposition with a question.

MR. G. FILMON: This Premier may think it's fair to slap every taxpayer with \$400 more of taxes in individual income taxes this year just as they did last year . . .

MADAM SPEAKER: Does the honourable member have a question?

Budget - impact on taxpayers

MR. G. FILMON: . . . but I don't think too many Manitobans think it's a very fair increase in taxes.

Madam Speaker, my question to the Premier following up on that is has he been informed how many individual taxpaying Manitobans will be paying more in income tax this year as a result of this Budget than they paid last year?

MADAM SPEAKER: The Honourable Minister of Finance.

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

The member is suggesting the fact that there is income tax revenue growth this year means specifically, because of tax measures introduced in last year's Budget, that there is an increased tax load without any other changes to Manitobans.

First of all, Madam Speaker, the Leader of the Opposition does not take into account the fact that incomes have grown year-over-year. In fact, income growth in Manitoba is better than every other province in Western Canada in terms of the amount of income that individuals receive. So he does not take that into account when he talks about his average figure.

Secondly, he does not take into account the fact that there are individuals, many at higher income levels who are paying a significant more amount in taxes last year as a result of the tax changes and this year as a result of the net income tax going to 2 percent, people who previously had the benefit of getting lower rates of taxations with such things as capital gains and other things, Madam Speaker. He does not take that into account.

He also doesn't recognize that there are people who are paying less tax this year than they did last year. The Member for Morris asked me a question yesterday about the negative impact of some in terms of the taxes. Let me give you a couple of examples, Madam Speaker, of individuals who have . . .

MADAM SPEAKER: May I remind the Honourable Minister that answers to questions should be brief, should deal with the matter raised and should not provoke debate.

HON. E. KOSTYRA: Madam Speaker, I don't mean to provoke debate but the member opposite seems to want to provoke debate.

MADAM SPEAKER: I do hope the Honourable Finance Minister was not arguing with me.

The Honourable Opposition Leader.

MR. G. FILMON: Madam Speaker, my question is to the Premier.

When the government was preparing its figures for the Budget that was presented on Friday, did the government have any indication of how many tax paying Manitobans would be paying more in income taxes this year, an average of over \$400 more this year than they did in previous years as a result of this NDP Government's policies? Did the Premier get that information before he approved this Budget?

HON. E. KOSTYRA: Again, Madam Speaker, after getting the explanation and getting an answer to his question, he repeats the same inaccurate information. He fails to mention, Madam Speaker, that a number of individuals - Madam Speaker, the member is getting more and more agitated the more and more I try to explain and present the facts to him. Madam Speaker, I was attempting to say that a number of individuals have actually seen tax reductions.

The Member for Morris yesterday complained about some of the problems resulting from the way the information is contained in the income tax forms and in the tax tables, indicating that people are getting surprised that they are paying more taxes. Well, let me give you a couple of examples, Madam Speaker, of individuals who have phoned the tax credit office for information regarding taxes, and they did get a surprise, Madam Speaker. In these examples, they got a surprise the other way, where they found out they are paying less taxes in 1988 than they did in 1987.

One is a family person with income of \$19,000 who finds out that he's paying - well, I don't know. Maybe the Member for Tuxedo doesn't have people earning \$19,000 in a family in his riding, but I certainly do in my riding, Madam Speaker, and I know you do in your riding. That person is seeing his taxes being reduced from \$744, what he paid last year, to \$592 this year at a family income of \$19,000 with dependants. It has nothing to do with the Federal Government, that's Manitoba taxes only. That doesn't deal with federal taxes whatsoever, Madam Speaker. You can look at an individual person under \$10,000 who's also having a reduction. Why doesn't he tell the whole story, not part of the story, Madam Speaker?

MR. G. FILMON: Madam Speaker, my question again to the Premier is obviously his Minister of Finance has information that tells how many people are paying less taxes. How many people are paying more taxes this year in income tax versus last year as a result of this NDP government's actions?

MADAM SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Madam Speaker, I think first that the Leader of the Opposition ought to be prepared to acknowledge the obvious, that in this year's Budget there was no increase in the personal income tax. Secondly, there was no increase in the sales tax in this Budget. Thirdly, Madam Speaker, there was no increase in business taxes.

I think, Madam Speaker, it would be important for the Leader of the Opposition to remove himself from the world of fantasyland and recognize, whether or not he wishes to recognize it, that what is contained within this Budget - and I would like to point out for the Leader of the Opposition and all other members in this House that, in the last Saskatchewan Budget, not Manitoba Budget, there is a comparison of taxes and charges province to province showing for families of 20,000, Manitobans the second-lowest taxation of all 10 provinces; for families of 35,000, Manitobans the third lowest of all provinces; and even for families of 50,000, Manitoba is the fourth lowest of all provinces by way of total package of taxes and charges - not a bad record, Madam Speaker, for any government.

MR. G. FILMON: Madam Speaker, talking about Fantasyland, if this Premier can't recognize that Manitobans are paying \$185 million more in individual income taxes according to his own Budget information, he's in cloud-cuckoo land.

MADAM SPEAKER: Does the honourable member have a question?

MR. G. FILMON: Madam Speaker, my question to the Premier is: How many Manitoba taxpayers are paying more in taxes in this Budget than they were last year? Answer the question.

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please, order please. That question is repetitious.

Budget - percentage of federal tax

MADAM SPEAKER: The Honourable Member for Morris.

MR. C. MANNES: Thank you very much, Madam Speaker.

I intend to ask the Minister of Finance some questions in a similar vein. Madam Speaker, the Minister of Finance quickly gives specifics dealing with certain tax implications at certain income levels. My questions are, to him, more on the provincial average.

Madam Speaker, given that within the Budget, the Minister of Finance chose to append to that Budget a number of interprovincial comparisons, however, omitted per capita tax comparisons, can the Minister of Finance tell me what all filers that are paying income tax within this province, whether or not their provincial tax, the old 54 percent of the federal tax, whether that number is still being maintained or whether it's grown significantly as a result of the 2 percent tax on net income?

In fact, is that number not now by far the highest in Canada, taking into account the surtaxes, and is it not very close to 60 percent across all filers who pay tax?

MADAM SPEAKER: The Honourable Minister of Finance.

HON. E. KOSTYRA: Madam Speaker, the member criticizes me for not providing additional information in the Budget documents; and when we do provide that additional information, he criticizes it, saying it shouldn't be there or it's not the right information and we should use somebody else's information.

The question was why the province didn't show any interprovincial comparison of taxes. First of all, we are the first province in Canada that is providing a Budget, Madam Speaker, this year.

Secondly, as the Premier outlined, he provided information with regard to not what we said about taxes on an interprovincial comparison, but what the Province of Saskatchewan said about interprovincial comparisons - not an NDP Government where the members opposite may not agree with the figures, but their own party that put out those figures in a Budget.

And if that's not good enough for him, Madam Speaker, I would suggest that he read a document, which I'm sure he does because at times they use some information from it, but read the information on "Government Analysis of Provincial Governments" done by the Canadian Bond Rating Services where they say, and I quote, "The province has among the lowest direct-government spending levels in Canada," contrary to the "let's pretend" deposition of the Leader of the Opposition suggesting that we've got the highest.

Secondly, it says, "This has enabled it to keep tax and utility rates generally lower than those in Canadian provinces to the east." Again in direct contradiction; not what I'm saying, Madam Speaker, but what the Canadian Bond Rating Services is saying about the Province of Manitoba.

And just one other point, and I don't want to dwell on this because again the members opposite suggest that I'm using this as a defence, but what do they say about the Federal Government? "The Federal Government transfers account for about one-third of total revenues and have been indicating that they are going to continue on reductions and equalization payments. This has forced tax increases in western provinces."

MR. C. MANNES: Madam Speaker, given that one of the real horror stories within the Budget is on page 8 of the Taxation Adjustments, showing what tax filers a year from now, Madam Speaker, will have to do to include the new surtax, plus the fact that the 2 percent tax on net income will be in effect for a whole year.

Madam Speaker, in comparing that to the schedules that one would follow right now, when people are realizing they're having to pay several hundred dollars basis '87 income and here, within the Budget, is the new schedule showing what they'll have to pay a year from now, can the Minister of Finance indicate whether or not a family earning \$40,000 income with no change in status in the family, with no change in tax rate, will indeed still have to pay a year from now another \$400 per family more because of the tax increase or the tax policy change in the 1987 Budget?

HON. E. KOSTYRA: Madam Speaker, as I indicated, the changes that we have put in place this year with respect to the way our taxes are calculated were done in a way to continue the practice that we have in Manitoba of ensuring that moderate and low-income people get the full benefit of things like tax credits and offsets. The way that we've structured the changes this year will continue to ensure that will happen. We are not taking any additional revenue as a result of any changes that were made as a result of federal tax reform. In fact, we will see a reduction in revenue if no other changes were made, so we are not taking any additional revenue as a result of any of the federal tax changes, Madam Speaker.

Autopac - future premium increases

MADAM SPEAKER: The Honourable Member for Ste. Rose.

MR. G. CUMMINGS: Thank you, Madam Speaker. My question is to the Minister responsible for MPIC.

Yesterday in this House, he would not answer the question regarding future increase of premiums in this province. Madam Speaker, then we see confirmed in the press that he is stating there could be a 6 percent to 10 percent increase in premiums for the coming year.

Madam Speaker, my question is: Does that reflect the reality of the premiums and the changes in premiums? Has he got an analysis up-to-date of the premiums just collected this last month?

MADAM SPEAKER: The Minister responsible for MPIC.

HON. B. URUSKI: Madam Speaker, I'd like to at least thank the honourable member for an intelligent question in attempting to project what claims might be over the next eight to ten months. Madam Speaker, in fact that's really the nub of the difficulty that all insurance companies across this country have found themselves in, is the ability to predict what court awards would be, how many claims, and the increased costs that they faced in automobile repair costs and court awards in all those areas.

It is very difficult to predict and, as everyone knows, rating is not an exact science in terms of trying to rate what the number of claims will be, what the costs will be over the next number of months. The projections that were provided were at best a conservative estimate as to what might happen over the next number of months, but clearly that can never be a definitive response as to what the rate question might be.

It's our hope, Madam Speaker, that some of the changes that we made in increasing the surcharges on motorists who are at fault for accidents, both on the demerit side and in the accident surcharge. As well, for those motorists who are responsible for accidents, the deductible has been raised and they'll be paying more portion of the claims. On the other side of the equation, we brought in the merit system to assist motorists who have good driving records. Those combined may have some favourable results, and we're hopeful that the whole area of increases can be held to a minimum. But we have to get at the cost side, Madam Speaker, of the claims question, and that's what we will be dealing with over the next number of months, and waiting for the Kopstein Report as well.

Autopac - reserve replenishment

MR. G. CUMMINGS: Would the Minister also inform this House and the people of Manitoba what the objectives of the corporation now are for replenishing the reserves? Is that included in his projected or semi-projected figure for the coming year and how quickly, over what time span does he anticipate those reserves being replenished, and what level is the objective?

MADAM SPEAKER: The Honourable Minister responsible for MPIC.

HON. B. URUSKI: Mr. Deputy Speaker, before I answer the specifics of that question, I want the honourable member to realize what has happened in the industry.

This is for his information, in case he did not watch some of the discussion between Mr. Ted Belton, who

is a representative of the Insurance Bureau of Canada, and one John Harvard on CBC television, where Mr. Belton said in answer to the question: Has the phenomenon been equally felt in all provinces of the country?

Madam Speaker, Mr. Belton indicated, yes, they are. It is felt unequally across the country but, generally speaking, the trend has been dramatically upward throughout all of Canada. The increases that you are now experiencing in Manitoba were felt in Ontario and Quebec two years ago. Why did these costs take off so dramatically? Well, I think the proper answer to that is, and I quote: "The trend that has taken place in the courts . . ."

MADAM SPEAKER: Order please, order please.

May I remind again Honourable Ministers that answers to questions should be brief.

The Honourable Member for Kildonan.

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

In Monday's Financial Post, an article by Andrew Allentuck uses two figures to determine the per capita debt for the province based on the deficit. I'm wondering if the Minister can inform the House what is the current debt and how is it determined.

MADAM SPEAKER: The Honourable Minister of Finance.

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

Yes, I can acknowledge that there was such a report in the Financial Post, Madam Speaker, providing inaccurate information with respect to the situation of Manitoba and its debt, and I wouldn't be surprised to see that same kind of thing repeated in this weekend's Free Press either.

But the information is incorrect. The information does not take into account the situation with respect to debt in other provinces. And if a comparison would be made on the basis of the actual for the provinces, we'd find that Manitoba's is not at that level.

The level of Manitoba debt is stated in the Budget as of January the 1st of this year, and that is the correct figure, Madam Speaker. It certainly is not, I repeat, it is not the highest debt in Canada. That is simply not true.

MR. M. DOLIN: A supplementary to the same Minister.

Could the Minister inform the House what is the usual way the province is determining per capita debt?

HON. E. KOSTYRA: The answer, Madam Speaker, is I guess there is no usual way. If you note, in the Budget documents, we show the debt in three different ways. One is the actual amount in Canadian dollars at the time of issue. We also show what is amortized on the books of the province at the particular point in time that the tables are prepared. In this case, it's the end of January 1988, and there is also a third way which shows what that debt would be at the currency fluctuations at that particular point in time.

Other groups that look and analyze debt also use different factors whether it's Midland Doherty, whose

documents are used in this Budget, whether it was the Bank of Montreal that previously did it but decided to discontinue it, whether or not it's Standard and Poor's or other organizations, they all evaluate that debt in a different way, Madam Speaker. So there is no usual way.

What we show in the books is the three separate ways or the three different ways that one can look at provincial debt. But again I repeat that anyone who suggested our debt in Manitoba is the highest in Canada is stating something that is not fact.

MADAM SPEAKER: The Honourable Member for River Heights.

MRS. S. CARSTAIRS: Thank you, Madam Speaker. My question is to the Attorney-General.

For the last two years, Madam Speaker, we've continued to wait for this department to take some measure to expand the Family Division of the Court of Queen's Bench and Family Conciliation Services into centres other than the City of Winnipeg, and still we wait.

When can we expect to see the results of this committee which is looking into this expansion and when can we expect the Minister to take action?

MADAM SPEAKER: The Honourable Attorney-General.

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

I agree with the member that we have a new family system in Winnipeg which seems to be working quite well. She's indicated there's a committee looking at possible implementation in other parts of the province. I don't know the exact date when they will report. I would imagine that they would first have to go through all of the determinations they wish to make.

When they have done so, I will, of course, take the matter to Cabinet. We will have to determine when any changes will be made in any other parts of the province. That, of course, depends on the recommendations, it depends on the timing, and so on; so I wouldn't want to give a date at this stage.

MRS. S. CARSTAIRS: Madam Speaker, a supplementary question to the same Minister.

Can the Minister assure the House today that when the expansion takes place for the Court of Queen's Bench, that, concurrently, the Family Conciliation Services also will take place?

HON. V. SCHROEDER: Well, Madam Speaker, I've indicated we're going to wait for the committee report. There's not much point in having a committee out there taking a look at these issues and then saying we're going to go ahead with implementation before we know exactly what they're saying.

With any new system, there are some - in this case, there are some advantages. I think that members opposite would recognize it as well that there are some disadvantages in the new system, one of which is that - and I'm saying that they're allegations - that the new system in some instances creates new and extra legal costs, and that's something I believe we should address. That's not something which was intended. The intention

was to streamline the system, make sure that people who needed the service were provided with that service quickly, and that's an issue which has to be addressed.

Family Law White Paper - release

MRS. S. CARSTAIRS: Madam Speaker, with another piece of unfinished business, to the Attorney-General.

We've been waiting for a White Paper on Family Law, which is now in the hands of the government. Can the Attorney-General tell us today when that will be released?

HON. V. SCHROEDER: Madam Speaker, I would expect that that should be released within the next week or so, week to two weeks.

Sexual assault complaints

MADAM SPEAKER: The Honourable Member for River Heights, with a final supplementary.

MRS. S. CARSTAIRS: A final piece of unfinished business for the Attorney-General.

We are also waiting for the release of a protocol in the handling of sexual assault complaints. Can the Minister tell us when we will receive that?

HON. V. SCHROEDER: I'll take that question as notice, Madam Speaker, but what we have here is a whole host of new pieces of business for Manitoba where we are moving forward with the most advanced family law system in the country.

We are moving forward in other areas - the member has referred to the White Paper. We're moving forward, as has been the NDP tradition of being on the forefront in these areas, and we will be on the forefront in this particular area as well. Of course, it's unfinished. The easiest way to be finished is just to leave laws the way they were and ignore the changes that are necessary.

Budget - ambulance services funding

MADAM SPEAKER: The Honourable Member for Pembina.

MR. D. ORCHARD: Thank you, Madam Speaker. My question is for the Minister of Health.

Madam Speaker, I want to acknowledge, on behalf of the members of the Progressive Conservative Caucus, the dedicated service that some 1,600 ambulance personnel provide to the citizens of Manitoba.

Madam Speaker, in view of the fact that this government in the Budget Speech and other public pronouncements has put forward the proposition that they believe in universal access to the health care system, regardless of how good a hospital you have, if you arrive there brain dead or too late, that facility is not of equal access to you if your ambulance service cannot get you there.

Madam Speaker, my question to the Minister of Health is that given the overall departmental funding in the Department of Health is increasing by 8.3 percent

this year, why is it that he is so frugal in only providing a 3 percent increase to support the ambulance services, which are the very frontline runners of allowing equal access to Manitobans to our health care system?

HON. W. PARASIUK: Madam Speaker, we indeed recognize the valuable contribution of ambulance services to Manitoba. I believe it was the NDP Government sometime in the Seventies that provided funding for ambulance services to the municipalities, I believe that was in 1975. I couldn't recall governments before that time of either a Conservative stripe or a Liberal stripe providing assistance to ambulances. I don't think ambulances were seen. They are today an insured service. There are contributions made to the municipalities for the provision of that.

There are a whole set of other grants provided to municipalities as well that could, in fact, be used for ambulance services if the municipalities so decided. I have indicated that I will look into this matter of ambulance funding within the context of services delivered in Winnipeg, in rural Manitoba and Northern Manitoba.

I met with the ambulance workers today. I had a good discussion with them. I indicated that I would want their input into that analysis, and I would hope that we would be able to look at this particular anomaly. Because I do say that we do have differences in our rates between ourselves and other provinces, but I do know that we provide more funding in a whole set of other areas. I will look at this whole matter with them. Hopefully, we can come up with an improvement to the system, Madam Speaker. We think we have a very good comprehensive system here, but we always want to try to improve it.

MR. D. ORCHARD: Madam Speaker, given that Manitoba's per capita funding for ambulance service is the lowest in Canada, some \$2.24 per capita; given that the NDP on that side of the House constantly decry the health care spending of those terrible Conservative Governments to the west of Saskatchewan, Alberta and B.C., and say they would not hack and slash at Health budgets as those three provinces have done, my question to the Minister of Health is would he be so generous as to provide the equivalent ambulance funding, that terrible cutback B.C. does, in \$20 per capita, or the equivalent of evil Alberta, who provides \$7 ambulance service support per capita, or even provide a similar level of support as terrible Conservative Saskatchewan does at \$6 per capita, instead of the measly \$2.24 this Minister has given to the ambulances in Manitoba?

HON. W. PARASIUK: Madam Speaker, I certainly recognize that with respect to ambulance funding, we do provide less than those other provinces.

However, I would, in fact - that's what we are going to do. When we look at the specifics of the grant compared to the municipal grants, compared to the type of services that are provided, compared to particular fees that are charged to individuals in those provinces, and I intend to look at all those matters, Madam Speaker. We certainly would hope to look at this. I have indicated that I believe there is an anomaly.

I believe it requires looking into. We will try and do these things in due course. There are certain instances where movement can be made. We made a decision with respect to out-of-province transportation costs for air ambulance and for transportation costs for medically needed services. We intend to look at this matter over the course of the future, and I would hope that we would be able to bring about some improvement in the future, Madam Speaker. I think that's the objective of everyone in this House.

Air Ambulance funding

MR. D. ORCHARD: Madam Speaker, my question is for the Premier of this province.

Madam Speaker, the Air Ambulance Program, which serves primarily Northern Manitobans at no cost to the municipalities, increased its funding this year by 13 percent. Given, Madam Speaker, that the Northern Patient Transportation Program, again serving Northern Manitobans at no offload of cost to the municipalities in those areas, has also an increase of 13 percent funding this year, would the Premier get his priorities together, stop whining and crying about the Federal Government, and stop offloading ambulance costs on the rural municipalities and the City of Winnipeg ratepayers in this province, and immediately increase the funding from the meagre 3 percent that he's allowed in this year's Budget?

MADAM SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Madam Speaker, I don't think any of us are deceived by the posturing by the Member for Pembina. Madam Speaker, we make no apology for the increased ambulance service undertaken by this government in the remote northern areas of Manitoba, areas that are hundreds of miles, in many instances, from the closest hospital, the closest medical service. Madam Speaker, when he was in government, he did not do it; we did it and we make no apologies for that.

Madam Speaker, we also provided a grant, insofar as rural municipalities are concerned, when we were in government in 1975. Madam Speaker, that grant may not be adequate today. The Minister has indicated that he is prepared to review the overall situation pertaining to ambulance service in the Province of Manitoba.

When the Member for Pembina points out what is occurring in other provinces, let him also compare, however, the fact that we have ensured Pharmacare service in this province, that we have ensured personal care home service in this province, that we don't have per diems, user fees, and we have home care in this province. Let him compare the total health picture, not one isolated area which we are prepared to review, Madam Speaker.

Canola subsidy

MADAM SPEAKER: The Honourable Member for Lac du Bonnet.

MR. C. BAKER: Thank you, Madam Speaker.

Several years ago when the Crow rate was abolished or adjusted or changed - or whatever adjective you

want to use to it - when the Crow rate was revised, there were many things which farmers lost. There were also some offsets, Madam Speaker; one of them the freight rate on shipping canola oil and meal out of Western Canada. This was done, Madam Speaker, to encourage the processing of farm products in Western Canada. The other day it was announced by the Federal Minister of Agriculture that this subsidy would be abolished.

My question is to the First Minister: Was it discussed, was he made aware of this situation when he attended the First Ministers' briefings in regard to the so-called Free Trade Agreement with the United States?

MADAM SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Madam Speaker, there's some reference of "awareness" questions being out of order, but I believe that was the identical kind of questions the Leader of the Opposition was posing at the beginning of this question period.

Madam Speaker, to the best of my recollection, there was no information related to us until such time as October when the final draft agreement was presented to the Minister of Industry, Trade and Technology and myself pertaining to this change, that according to many reports will cost the canola producers some many millions of dollars, an issue that I see was raised with the Federal Minister of Agriculture, Tuesday of this week, in the Province of Manitoba by concerned canola producers.

MR. C. BAKER: A supplementary question, Madam Speaker.

There was also a system called a two-price system which put into the hands of farmers millions of dollars compensating for the low world price at which wheat was sold locally for. Was this program discussed at those First Ministers' meetings, Madam Speaker?

HON. H. PAWLEY: Madam Speaker, again I am going to very carefully check my notes in respect to the question of two-price, but I believe there was not reference to that until such time as the final draft agreement in October.

Out-of-Canada hospital costs

MADAM SPEAKER: The Honourable Member for River East.

MRS. B. MITCHELSON: Thank you, Madam Speaker. My question is to the Minister of Health.

Given that the changes in the out-of-Canada hospital benefits covered by this province have had a very significant change in policy, and given that in the first nine months of 1987, Madam Speaker, some 400,000 Manitoba travellers returned from U.S. destinations - not just the people who went away for one to three months down South but those hockey teams that travel to Minot, North Dakota, or those families that travel over the border for a holiday weekend - those people will also be affected by this policy. What efforts is this government and this Minister going to make to inform all Manitobans and make all Manitobans aware of the extreme change in this policy?

MADAM SPEAKER: The Honourable Minister of Health.

HON. W. PARASIUK: Madam Speaker, we are in fact informing the media and the community newspapers throughout Manitoba. We would hope that they would certainly publish that. I know that the Member for River Heights is doing her best as well today to help inform the people of this matter. We think it is -(Interjection)- and, yes, we are. In fact, I keep being told by the members of the Conservative Opposition that we shouldn't have any communications, people providing communications, to the people of Manitoba. We intend to, in fact, provide communications regarding this matter to the people of Manitoba, Madam Speaker. We think that they should be informed.

Blue Cross contract extension

MRS. B. MITCHELSON: A second question to the Minister of Health.

Given that a number of Blue Cross contracts have already been written and extended beyond the April 1 implementation date, will the Minister grandfather the claims on these existing contracts, so that future users of non-profit Blue Cross will not have to bear previous liabilities?

HON. W. PARASIUK: Madam Speaker, we had discussions with the Blue Cross with respect to the time period.

We determined that April 1 would be the date that we would do it on. It's the beginning of the fiscal year. Most people indeed, if they have been travelling out of the province for the winter, will in fact be back by the time, Madam Speaker. There is difficulty establishing any cut-off date with respect to a continuum and we thought that April 1 was the best date.

We think that people travelling out of Canada should in fact avail themselves of health insurance, because the people of the United States have to pay eight times more for health coverage than we in Manitoba have to pay for because we have adopted a Medicare program, Madam Speaker, which the Americans won't adopt, which Conservatives in the United States fight against, just as the Conservatives fought against that program in 1968.

MADAM SPEAKER: The time for Oral Questions has expired.

ORDERS OF THE DAY

MADAM SPEAKER: The Honourable Member for Arthur.

MR. J. DOWNEY: Yes, Madam Speaker, I apologize to the House.

Yesterday I made reference to a picture in the House and I would only think it be appropriate that I table copies of it so all members have exposure to it. I have copies here, Madam Speaker.

MADAM SPEAKER: It is not in order at this time to table documents.

MR. J. DOWNEY: It's a picture of a bridge and there is some detail . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please, order please.
No, the honourable member did not have leave.

BUDGET DEBATE

MADAM SPEAKER: On the adjourned debate of the proposed motion of the Honourable Minister of Finance and on the proposed amendment thereto of the Leader of the Opposition, the Honourable Attorney-General.

HON. V. SCHROEDER: Thank you, Madam Speaker.
I'm very pleased to be able to stand up and take part in this debate this afternoon and support the Budget which our Minister of Finance has brought down. I want to say, in terms of my constituents, they see some pretty good news in this Budget. We see a bridge in this Budget, a very important bridge in this Budget, Madam Speaker, a bridge between our community and the community of the Minister of Finance which we have been looking forward to and working on for many years . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order, order please.
The Honourable Attorney-General has the floor. Can we please have order in the Chamber?

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

Obviously members opposite aren't as enthusiastic about the bridge as the people on our side of the river, in Rossmere, in Elmwood, Concordia and Transcona. We're quite pleased that we've been able to start that bridge along, in local terms.

We're quite pleased, as well, Madam Speaker, that in this Budget we're allocating in the range of \$1,500 for each man, woman and child in my constituency, and in every other constituency in the province, for health care. That's for every family of four referred to by the Leader of the Opposition earlier; \$6,000 which we are allocating for the health care system, roughly, in the Province of Manitoba, this coming year, \$6,000 for every family of four, just for health care. And people know that we don't spend that money. We tax for it, between us and the Federal Government. It used to be 50-50. We had a sacred trust promise from Brian Mulroney that that would continue. That's gone the way of so many others of his sacred trusts and we're down now to somewhere around 60 percent provincial and 40 percent federal. But that's an important area that we believe is of benefit to our constituents, the education funding.

A MEMBER: You've gone dead.

A MEMBER: It's all right. We're very adept at reading lips anyway.

HON. V. SCHROEDER: I keep moving further away, but I do want my words recorded.

Madam Speaker, it's a good Budget, it's a fair Budget. It's a Budget which, as the Minister of Finance has indicated, attempts to allocate the expenses for those things such as education, health, highways, agriculture, energy and mines, and so on, in a fair fashion among Manitobans. Not on a per-head basis, a poll tax basis, as the Tories are so happy to go along with - things like gasoline tax.

You know, it is such an incredible hypocrisy when one hears the people opposite moaning and groaning about a small increase in tax on leaded gasoline - which will prevent future damage to our environment because less of it will be used - when their brothers and sisters in Ottawa have increased the excise and other taxes on gasoline, since Brian Mulroney came into office, by 28.62 cents a gallon. You know, that bunch of Tories were defeated back in 1980, 1979, for asking for a 16-cent across the board tax on gasoline, 16 cents a gallon. They have now, since Brian Mulroney came into office, increased gasoline taxes by 28.62 cents a gallon.

That's the kind of taxation they like. They like it flat. It doesn't matter whether you live in a shack or you live in a place where you are able to spend \$1 million a year on your property. You should pay the same, you're all the same. That's the old 19th century poll tax idea. That's the kind of tax they're comfortable with, totally comfortable with. I haven't heard one single complaint by that bunch opposite about that tax from the Federal Government.

Madam Speaker, I would like to discuss, as I indicated the other day, some more areas in the trade deal. Members opposite were urging me to discuss hydro-electric power, hydro-electric power which they tell us is something that we will be able to sell more of because of this agreement. They've obviously not read the agreement.

I would like to refer to an editorial in the Toronto Star which refers to the Trade Agreement. "Brian Mulroney's trade deal" - refer to index 905.2 - "makes it clear the price test will be abolished." And that price test, Madam Speaker, which is slated for removal under the deal, had a lot to do with our ability and Quebec's ability to sell hydro-electric power at good rates into the United States of America. Currently, the federal board, the National Energy Board, requires provincial utilities to demonstrate that the electricity they're exporting is not significantly cheaper than the buyer's best alternative price in the United States. That test will be eliminated. Stop and think about what that means.

When we went to Minneapolis the last time, we were able to say that by the law of the Government of Canada, we cannot charge you anything less than what is fairly close to the price of your alternative energy sources in the United States, even though our costs may be only half as much as your costs, even though the price we charge in Canada may only be half the price that we are charging you. We have a federal law which states that we have to be close to your alternative source of energy in terms of pricing.

This trade agreement eliminates that prop from us, and when we go back to negotiate the next hydro energy sale, or Quebec goes back the next time, what is going to happen? The Americans are going to say, "Well, what's your cost of production? The agreement says you can't discriminate against us."

The agreement, of course, is one which will be waved at us by the Americans, and the agreement does not recognize the fundamental differences between hydro-electric power and oil and gas on two fronts; one is the fact that hydro-electric power is renewable energy - I'll come to that - the other is the fact that hydro-electric power in our country has never been a source of energy which has been sold at market prices; it has always been based roughly on cost of production.

There have been subsidies here and there, there have been assistances from federal governments in terms of interest costs many, many years ago and those sorts of things; but it has always been based roughly on cost of production, not on profit but on cost of production, not like the market-based oil and gas which is based on, theoretically, world prices.

Now we're dealing with an agreement which tells us that if we sell hydro-electric power to the U.S., it has to be treated in the same fashion as a market energy product, and that is based on world costs, based on market value, rather than based on cost of production.

We're being told that we can't sell it at a greater cost than we're selling it in Manitoba, and we're told that the previous clauses that kept the price reasonable for us in terms of sales will be gone, and I would hope that people who think this is a good deal in terms of hydro-electric power would stop and think about those facts.

Secondly, I would hope that they would read the agreement and say to the Federal Government, this is wrong in principle when you say in an agreement, such as this agreement, that it's perfectly okay to continue to subsidize the production and exploration for oil and gas, but you don't include hydro in that kind of a context, and don't say you can continue to subsidize hydro-electric.

What kind of insane government would say, "Let's put public funds into oil and gas exploration and development so that we can sell to the U.S. at market price - they don't have to pay for our subsidies; the taxpayers of Canada will pay for that - and let's hurry up and get rid of our oil and gas so Alberta can have some short-term employment, we'll pay for it over the long term, and meanwhile we won't do that for hydro-electric power.

Would not any sane group of 10 or 12 or 100 Canadians who were faced with the options say "no" unanimously to that kind of a proposal; that in fact it should be the other way around? If you're going to subsidize any source of energy that you're going to sell to the United States, it should be the renewable resource, it should be hydro-electric. Let there be no doubt about it. This is a clause in the agreement. The energy clause is harmful to the interests of the Province of Manitoba; it is harmful to the interests of those who believe in using our renewable energy rather than our non-renewable energy.

This agreement will ensure that the next time we have a shortage in oil and gas, that it will be Canadian consumers who are going to be hurt and hurt badly, that the Canadian Government will not be allowed in the future to put a "made in Canada" solution to an energy crisis, notwithstanding the fact that we are the people who live in one of the colder climates in the world.

We are the people who need energy for living, and we are being told we will have to cut back

proportionately, even though we're being told at the same time that our oil and gas companies can be subsidized to find more and more oil and gas to sell South to provide a greater and greater proportion of Canadian production into the U.S. market, and when we have to cut back, we are going to have to cut back on ourselves to the same proportion as we cut back in the U.S.

We can't cut back more on the U.S. Even if all of our production was cut in half, that we had half in Canada and half sold to the U.S., that would still only be maybe 5 percent or 6 percent or 8 percent of U.S. demand. So when you cut back theirs in total, it would be 5 percent or 6 percent or 8 percent, or if you cut it back in half, it would be 3 percent; but with ours, you cut back our 50 percent, you're cutting back all of our energy. There's quite a difference. Yet that's the way this agreement is worded. We are not happy with the energy agreement, not one little bit happy about the energy agreement.

I want to talk a little bit about the lowering of tariffs. We have said from the beginning that we support the lowering of tariffs generally between us and the United States. We always had some specifics where we had concerns, one of the major areas being in the area of processed foods, in the area of further processing of product which went into a processor's plant at marketing board prices. I'll come to that.

But another concern we always expressed was that as you lower tariffs, you're also inviting more trade remedy wars. If you stop and think about that for a second, 40 years ago we didn't have a countervail, we didn't have an anti-dump between Canada and the United States. We didn't have any of those kinds of problems. Twenty years ago we had practically nothing in those areas, 10 years ago we had very little, but over the last 40 years our tariffs have been coming down; and as they've come down in some instances, in many instances to zero, the less competitive companies on both sides of the border have come along and said to their own government, well, look, that company in the United States is getting a subsidy from its government or that company in Canada is getting a subsidy and so on, and so now we want you to attack them on our anti-dump and countervail. That's been done on both sides.

But I want to make the point that we are the small economy that has more difficulty doing those kinds of things, and that is as evidenced by current countervail and anti-dump which is against roughly \$6 billion worth of Canadian product heading into the U.S. as compared to \$200 million being countervailed or those kinds of trade remedies against us on product coming from the U.S. into Canada.

Clearly, it's not a remedy that we've been able to make use of in the same way the large partner has. So as tariff walls come down, anti-dump and other trade remedies become more visible, not less visible, unless you fix them up. What we said all along was sure, fine, drop the tariffs, but at the same time we have to have an agreed upon set of rules in terms of anti-dump and countervail - definitions of subsidy, definitions of regional development programs, definitions of what can be done in accordance with this agreement without being countervailed and what cannot be done. Well, we didn't get that.

What we got was the one side coming down - the tariffs. We didn't get the thing that goes up as tariffs come down fixed up at all.

Americans would say well, look, we're allowing this international tribunal to determine whether a U.S. body has acted in accordance with the law. But in the past, that process was taken care of by the U.S. courts, and up until September of 1987, I challenged anyone in this House to find any responsible politician's statement suggesting that the United States courts were prejudiced, that the United States courts were interpreting their laws incorrectly, that the United States judges were somehow bowing to the political whims. That was not the case. They were saying the laws are bad; they were saying the laws are being interpreted badly by the commerce department and the international trade divisions of the U.S. government, but they were not saying anything that would suggest that the U.S. courts were improperly deciding.

So what do we have in the agreement? The agreement says that this panel first of all doesn't hear evidence and must look at the record of what happened below it. What happened below it is done in the same way it was done before the agreement was entered into, it must obey U.S. laws and U.S. precedent including U.S. judicial precedent so that even if U.S. judges had been giving bad judgments in the past, the new panels are required to follow those judicial precedents under this agreement.

So we wind up with one advantage in terms of that panel and that advantage should be put on the table because there is one. The advantage is that the panel, if it conforms with its time lines and if it is not appealed, can be slightly faster than the other system. But from the time the complaint is received of an unfair subsidy to the time it is determined by officials before it goes to the panel, not one day is shortened from the process, not one reason exists for changing the decision-making structure in either Canada or the United States on any of these complaints.

I think the best way of describing what really is taking place here with the tariff reductions, with no changes in the trade laws, is a little bit like two neighbours with a nice big 10-foot fence between their houses, one neighbour having a German Shepherd, the other one having a little poodle, and they have no problem. As long as that wall is up, like our tariff walls were, there were never any problems with this trade remedy. But when you drop the fence down to four feet or so, the big dog could jump over occasionally and take a bite out of the poodle, and the owner of the little dog, Canada, comes along and says to the owner of the big dog, we've got to do something about this; why don't we get rid of our dogs; why don't we get rid of this anti-dump and countervail trade remedy laws that we are interpreting in our own ways on both sides of the fence and set up a common set of laws, and then we don't need the fence? And the Americans said great, hey. The neighbour with the big dog says great, why don't we do that. Let's knock down the fence and then we'll discuss how we get rid of the dogs. And that's what we are doing with this agreement. Madam Speaker, what we are doing is we are taking our tariffs down to nothing and we are leaving those trade remedies, which are so uneven, as to be right now in a position where we are countervailing \$200 million

worth of imports. They are countervailing \$6 billion worth of imports. That's the relative sides of the two dogs we have, and that is one of the reasons why we oppose this agreement. It is a bad agreement. We would be far better off working, continuing to work with the gap, moving down as we have over a 40-year period in a position where we're not one small partner with one large one, but rather we are one of many nations in the world looking for greater freedom.

I want to deal a bit with agriculture and food processing. Madam Speaker, I hear references to pictures. I have here one of the glossiest documents I've seen. I don't know how many thousands of dollars this costs. I know the Federal Government is now several million dollars over it's Budget just on promotion of this deal. How many million dollars over? - \$3 million over - more than our entire communication staff for a whole year in Manitoba. That's how much they are over already, and of course they've spent \$13, \$14 million. This is Saskatchewan. This is Tory Conservative Saskatchewan who never spend a plug nickel on anything. Nice picture of Premier Devine, the Premier's message. It goes through a nice glossy with pictures of all kinds of people, and just to indicate the credibility of the document, they've got somebody who has as little understanding of the agreement as John Crispo - John Crispo.

Madam Speaker, I believe a number of members have seen the study of this agreement done by the Bank of Nova Scotia. This is a study that they did, not to beat the drums for free trade, but rather, this is the document Manitoba businesses will face when they come in for a loan for an expansion over the coming months. This is the document Manitoba businesses will face when they are looking at business plans over the next number of years.

Madam Speaker, the document refers specifically to the fact that it is more Conservative than other documents because it is a document that examines the credit risks of their clients as a result of this agreement. Compared to others, and I'm quoting, "Our estimates of the benefits of free trade tend to be somewhat Conservative, reflecting the preoccupation of this report with credit risk."

So then they go into the various sectors, and we've heard a lot from people on the other side saying that manufacturing is really going to do well. What is our manufacturing structure in Manitoba? - basically a smaller set of manufacturers, good working and competitive in the Canadian scene. This is what they say about us. In manufacturing, the losers will be hit up front while the winners will tend to collect further down the line. Principally on this account, we estimate that free trade will be a small overall negative in manufacturing - risk evaluation index minus one. I should say that the risk evaluation is from plus four for the greatest benefit for Canadian industry to minus four for the maximum disadvantage to Canadian industry. "This small net negative reading reflects a hard hit on small manufacturers while larger manufacturers generally face a neutral or only slightly positive outlook, at least in the immediate future." That's where they are coming from on manufacturing.

But could you imagine a small manufacturer in Manitoba with 150 workers, who's looking at their future under this deal, going to their bank and saying, oops,

I think we've made a mistake with this agreement, we're going to be in trouble? What's going to happen to them in terms of cutting a deal for an expansion or simply for a line of credit, or continuing on the way they had before this agreement was signed? They're not going to say that. They can't say that.

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

We hear a lot about the agricultural sector and how it will be helped, and I'm going to come back to that hopefully in a little while. This is what the Bank of Nova Scotia says. "The agricultural sector is at serious risk in poultry, dairy, fruits, vegetables. The grains area is unaffected. In cattle and hogs, there will be some net benefit." I go on: "If our assumption is correct, the setback in poultry and fruits and vegetables could be quite sharp and similarly for food processing in these areas. Unavoidably, free . . . "- I'm sorry, I'm going into the next area.

Agriculture overall, they rate at a minus one, not at a zero where we come out even but at a minus 1. There's a reason why, in provinces such as Saskatchewan and Alberta, they tend to be a little more positive about the agreement in terms of agriculture than in provinces such as Manitoba, where we have a greater proportion of our output in supply-managed commodities. They have a lesser proportion. We'll get back to that.

Services: this is where more than 300,000 of our workforce of half-a-million Manitobans find its paycheck. This is by far the largest proportion of our workers and, if the deal is good for workers in Manitoba, good for employment in Manitoba, good for tax collection in Manitoba, it better be at least neutral on services. Well the Bank of Nova Scotia says it's not, and I'm quoting from them.

"Unavoidably, free trade in the service sector will produce a net negative impact of at least medium size." They give it a minus 2 out of a possible plus 4 to minus 4 - minus 2. And these people are prepared to go ahead with this kind of an agreement, which will lock us in, if we get past a federal election, for generations.

If we wind up in this agreement for more than a three- or four-year period, we will have adjusted economically, and there will be some fairly vicious adjustment required. We will not be able to readjust and take some six-month clause and get out and say that we made a mistake there and get back to the future, that type of thing. That will not occur.

That's why I believe so firmly that those who say this is a good deal have the burden of proof very, very strongly in their court. There are risks here. People like the Bank of Nova Scotia are saying, on three out of four major sectors, it is overall a negative. Only on resources, which tends not to be a high employment sector, is it a benefit - only on resources.

So, Madam Speaker, if it happened to be Western Canada that had got a small net benefit overall from this deal, I am first and foremost, as are most members of this Legislature, a Canadian, not a westerner who will look at it only from a regional perspective. I believe that Canadians had better look at this whole thing very carefully overall and recognize that, even where people on the opposite side think they've got a benefit, they better look very carefully.

They think they got a benefit on grain, they think so, but what do the American grains people say? They're telling us, if you try to take advantage of this we'll beat you over the head with our clubs. Don't you ever try that folks. Don't you Canadians ever think you'll take advantage in the areas where you are strong.

MR. C. MANNES: We would say the same to them.

HON. V. SCHROEDER: Well, the Member for Morris would really frighten the Americans.

What we're doing is tying ourselves in, in a bilateral fashion, when we should be looking multilaterally. I am more and more convinced of that, the more we see where we're heading with this document.

Mr. Deputy Speaker, I wanted to talk a little bit about the situation with hogs. I think it's important that we not look at theology but start looking at the actual document and ask ourselves why is it that pork and hogs are not defined as being meat products in the agreement. Meat products are under the agreement; tariffs and quotas are being eliminated on meat products. But the definition of meat products very carefully excludes pork and hogs. Therefore, this agreement clearly allows the U.S. to put back on quotas on pork at any time they choose as well as on hogs. That has to be dealt with.

We have to deal with the fact that this agreement prevents Canadian hog marketing boards from selling their product to the United States at a loss, a practice which some would say has been going on for some time because there is an attempt to regulate prices in Canada. It's not an unreasonable practice, where they believe that the price of the local packing houses is not one that is in the best interests of the farmers. They say, well, fine, we'll sell it somewhere else, even if we sell it at a little bit of a loss because that will put the heat on the prices here in Manitoba or in Alberta, or in other parts of the country.

There are conflicts which members, I think, recognize between processors and boards. The same thing happens with eggs. The Canadian Egg Marketing Agency believes that it sells in the vicinity of \$50 million worth of eggs in the United States at a loss every year. They will be prevented from doing this under this agreement. That will have a net negative on Canadian farmers, not some huge net negative, I'm not suggesting that; I'm saying it's a negative. I'm asking what is the positive on the other side? This agreement does not prevent the current omnibus trade bill from linking pork and hog so that if there is harm proven to U.S. pork producers, it will be automatically assumed, if that legislation goes through, that there is also harm to the processing industry. That means a countervail not only on hogs but on pork products.

The agreement also takes out one of our trade barriers and we have trade barriers. We don't talk about them often, but it's pretty obvious that the Americans have seen them, so I think we're going to have to admit we had one in pseudorabies. We prevented U.S. hogs from coming to Canada for something like eight or nine years or so. Mr Vaags, of the Manitoba Hog Marketing Board, tells me that 10 years ago, before that change was made, up to 15 percent of the hogs slaughtered in Manitoba were of U.S. origin. Well, they haven't been

able to bring a porker into Manitoba for quite some time because of this. Well, the agreement takes that away. The agreement specifically says that pseudorabies will no longer be a barrier in terms of hogs coming into Canada for slaughter. Those things are all negatives on the agreement. I'm not saying that there aren't positive things, but those are things that I don't believe the people who are just jumping up and down and saying it's going to be wonderful, have given a great deal of thought to.

In the area of food processing - this is an area that is an unquestionable negative for Canada and it's an area that has been a strength for us. I guess that's why it's somewhat puzzling to see so many people in the agricultural industries, who are dependent on sales to foods processors, tell us that it's a good thing. I'm really puzzled by those notions.

You have for instance, McCain's Foods saying, I'm quoting from a letter by GWF McCain, President of McCain Foods, "We have suggested to the Government of Canada that these problems can be partially rectified by changing the import licence system to allow reproprocessors or ingredient buyers free access to the lowest cost supply in North America. This would suit us. But frankly, it probably will not suit the farmers." Of course it won't suit the farmers. Yet that is the segment of the market all of our industry people in the food processing sector are telling us will be the growth sector over the next generation.

The products that we're dealing with here, the further processing of food is the area that is going to be the growth area. Where are we going to put that industry with this agreement? You surely can't expect Canadian processors to pay twice as much for input and then come out at the other end and compete dollar for dollar with their U.S. competitor. Those are things that, I believe, have to be answered.

The Canadian Manufacturers Association says this a great deal; of course, you're going to have to eliminate marketing boards, they tell us that. The Grocery Producers Association is saying if you don't make changes in that area, well, it's not a problem for us. But McCain's are saying . . .

A MEMBER: They can't take it.

HON. V. SCHROEDER: . . . Can't take the heat, Jim. McCain's are saying don't worry about us, we'll be okay. But it may well be that we will be producing our food in the United States and sending it into Canada. That's what they're saying.

Madam Speaker, I've tried to stay on the policy issues and not on the personality. But there have been so many comments made on the Opposition, I think on some of these things we do have to make some return points. There have been a number of allegations that the Premier at one time supported free trade and now he's opposed to it. Madam Speaker, that's like agreeing that he needs a new house and deciding that he'll be darned if he's going to pay \$1 million for a house worth \$50,000.00. Surely you look at the price before you determine whether you sign an agreement, any agreement, including an agreement that will go generations in terms of impact in Canada.

The Member for Emerson says you should have been at Piney when the deal was signed January 2. He was

at Piney. Madam Speaker, they were saying at Piney we shouldn't have this border. Well, those of us who know a little bit of Canadian History might say we agree there shouldn't be a border there. When we started off, that was Canadian territory. That was Canadian territory for about 150 miles further into the United States. We lost that in the 19th century to the Americans.

But does any serious Manitoban believe that we should have no border there; that we should have the Medicare system they have in North Dakota; that we should have the cultural set-up they have in North Dakota? I'm not going to call it a desert. Of course not. Other than some Tories, people would say, no, no, a thousand times, no. There is a different world view in Canada than there is on the other side of that border, whether it changes from being world talk on that side, to peacekeeper on this side, whether it is a view of ourselves as a community working together . . .

MR. DEPUTY SPEAKER: Order. I'm sorry, his time is up.

SOME HONOURABLE MEMBERS: Oh, oh!

MR. DEPUTY SPEAKER: The Honourable Member for Morris.

MR. C. MANNES: On a point of order, Mr. Deputy Speaker.

What motion are we debating right now? Are we debating the Budget or the free trade speech? - (Interjection)- One minute.

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

MRS. B. MITCHELSON: Thank you, Mr. Deputy Speaker.

Given that this is my first opportunity to speak - I didn't have the opportunity to speak on the Throne Speech - I'd like to welcome all members back to the House and wish all members a healthy Session filled with excitement and challenge. Yes, and I would like to also wish all members, especially members on the government side of the House, some common sense this Session when it comes to dealing with the issues and the priorities in Manitoba.

Mr. Deputy Speaker, I listened with interest to the newly-appointed Attorney-General talking about free trade for almost all of his 40 minutes. I have some concern with what the priorities of the Government of Manitoba are when this government has introduced a resolution, a government resolution, Mr. Deputy Speaker, on free trade. The Attorney-General, the Member for Rossmere, will have his opportunity to speak a full 40 minutes on free trade when it's his turn, as will we all have. I have some concern where his priorities are when he talks about free trade, a federal issue, and bashes the Federal Government instead of looking at the Budget here in the Province of Manitoba and indicating to us what his priorities are, and what his priorities are as Attorney-General, Mr. Deputy Speaker.

I sent a survey out to my constituents just recently and asked questions on law and order. There seems

to be a lot of problems with the justice system here in the Province of Manitoba and the newly-appointed Attorney-General had nothing to offer us on the justice system, nothing whatsoever. I really wonder where this government is heading when we have speeches like that on the Budget.

Mr. Deputy Speaker, across Canada, Canadians will have the opportunity to express their satisfaction or dissatisfaction with our Federal Government. They will judge our Federal Government and they will make that decision when the next federal election comes and judge accordingly. Neither the members of the NDP Government of Manitoba or us in the Opposition have a crystal ball. Nobody knows what the results of that election will be. But Mr. Deputy Speaker, the people here in Manitoba, Manitobans are going to judge our Provincial Government on their record, not on the Federal Government's record, and what they have done as a government to improve the Province of Manitoba, and the quality of life for Manitobans.

In my opinion, Mr. Deputy Speaker, this present government has been a dismal failure. They've got a poor track record, Mr. Deputy Speaker, as Manitobans are indicating in the public opinion polls, the ones that have recently been done. Manitobans aren't going to be fooled. They're not going to be fooled by this government's concentration or this government's concern and efforts to divert attention away from what's happening right here right now in Manitoba as a result of lack of prioritization, lack of common sense, Mr. Deputy Speaker, on the part of this government.

Manitobans are going to be concerned that the cost of interest per capita on our debt in the Province of Manitoba has risen from \$88 per capita back in 1981 under a Conservative Government, interest payments that have gone up five times as much in the last seven years as what they were when the Conservatives were in power in the province. Manitobans know and they realize it is a shame, and it's our children and our grandchildren who are going to have to bear the added responsibility of servicing that debt and the interest costs on that debt.

Mr. Deputy Speaker, the members opposite, the government here in Manitoba today, seem to criticize continually our federal counterparts. Our federal counterparts are at fault for the situation we're in, in Manitoba, right now, so they say. That's what they say, Mr. Deputy Speaker. They say that they cry and moan and groan that the Federal Government isn't funding healthcare and isn't funding education the way it should be. Well, I want to ask the members opposite whether they can blame the Federal Government for the \$27 million losses at MTX.

Was it the Federal Government's fault that this government here in Manitoba, this NDP Government, wasted and mismanaged and lost \$27 million of taxpayers' money, Mr. Deputy Speaker? Twenty-three million dollars was the total deficit for the hospitals in the Province of Manitoba that this government has refused to fund, has asked the hospitals to cut back. It would have taken less than what was wasted and squandered in Saudi Arabia by this government to - (Interjection)- Yes, we'll get into the two strips of bacon a little later, Mr. Deputy Speaker.

Was it the Federal Government's fault that Workers Compensation was in a \$184 million deficit? Was it the

Federal Government's fault that MPIC, Autopac, was mismanaged, and we've had massive losses in MPIC? But we cry and we moan and we groan that it's the Federal Government's fault that we are in the situation we're in, in Manitoba; \$121 million lost in MPIC and Autopac in the last two years as a result of the Provincial NDP Government's waste, mismanagement, lack of prioritization, lack of common sense.

Flyer Industries, \$100 million lost. Manitoba Forest Industries, \$31 million lost. Mr. Deputy Speaker, it's the track record of this government that is so dismal, and the people of Manitoba will not forget and we will make it our priority not to let them forget. We have a desperate government, a desperate government that's out of control in its spending. The people of Manitoba do know, and they will remember when it comes to the next election.

The newly appointed Attorney-General, in his opening remarks, stood up and said how pleased he was about this infamous bridge, the bridge north of Selkirk, the bridge to nowhere, that was originally to cost \$9 million. - (Interjection)- Well, \$10.2 million.

The former Minister of Highways - (Interjection)- Well, the former Minister of Highways is sitting there, and I can see why he's the former Minister of Highways when we've got such a disaster of a bridge built north of Selkirk which I'm sure, when the final total costs come in, it will be over \$28 million, Mr. Deputy Speaker.

The Attorney-General - (Interjection)- Well, the Minister can laugh, but I believe that we'll be right, closer to the Minister of Highway's guesstimate. The Attorney-General says how pleased he is about the construction of that bridge, that waste of taxpayers' money, and how pleased the Member for Transcona is, and the Member for Elmwood and the Member for - well, he's from Rossmere, the people out in the north-east quadrant of Winnipeg, how pleased they were that this bridge was built out in their area, when we've got a Perimeter Highway, Mr. Deputy Speaker, in the north-east quadrant of the City of Winnipeg that has yet to be completed, a small portion of the Perimeter Highway and the only portion of the Perimeter Highway that has not been completed. And this government has put its priorities on spending \$28 million to build a bridge north of Selkirk, in the wrong place, Mr. Deputy Speaker. It shouldn't even have gone there in the first place.

We have a portion of the Perimeter Highway that should be built and needs to be built to alleviate the traffic congestion in the north-east quadrant of the City of Winnipeg. I will continue, Mr. Deputy Speaker, to fight and work on behalf of the constituents of Elmwood, the constituents of Rossmere, the constituents of Transcona, the constituents of River East, and the constituents of Springfield who will all benefit from that portion of the Perimeter Highway being completed. I will work on behalf of those government members who haven't got their priorities straight

SOME HONOURABLE MEMBERS: Oh, oh!

MRS. B. MITCHELSON: Well, the former Minister of Highways who lost that portfolio because of his poor planning and waste of money in that department is saying, well, I'll never have the chance. The people in Manitoba aren't telling me that right now and my

constituents aren't telling me that right now. An election, if it was called today, would let the former Minister of Highways know.

Mr. Deputy Speaker, I'd like to speak a bit on health care. We have a new Minister of Health this year. I forgot to mention in my opening remarks, Mr. Deputy Speaker, that I do miss the friendly smile of the former Minister of Health, the Member for St. Boniface, who used to sit across there. I'm sure that he will do well. I know that he was experiencing a lot of frustration and really felt that he needed to get away from the members opposite. He was frustrated and was finding that, because of their very left policies, he wasn't able to work in that situation any longer. I wish him well in his new position. I hope he would be of some benefit to MHO in his new position there.

Mr. Deputy Speaker, back in 1981 during the election campaign, the NDP Government put out a policy paper on health, and they called it "Health: Care Not Cutbacks," Mr. Deputy Speaker. Well, need I say any more? What's happened in the last year or in the last several years, and over the last five or six years? But specifically in the last year, Mr. Deputy Speaker, there have been 111 beds cut back in the City of Winnipeg in our hospitals as a result of this government's attempting to tell the hospitals that they should live within their means, that they can't run a deficit.

What's so different about the hospitals and the government? What is the government doing to live within its means and to not run a deficit? They're doing absolutely nothing. Their spending is 8.3 percent higher. It's higher this year. The hospitals are getting that much more, Mr. Deputy Speaker, 8.3 percent, but we are not getting any more services. We're not getting the beds back that were cut back by this uncaring government.

Mr. Deputy Speaker, just let me refer back to the Member for Kildonan when he stood up speaking on Bill 2 last week, and talked about the big bed sheet incident back under the Lyon administration.

Well, I want to tell you, Mr. Deputy Speaker, that I graduated as a registered nurse in 1968. At that time, we were taught to change the bed sheets and remove the bottom sheet, put the top sheet onto the bottom and put a fresh sheet on the top. The sheets were changed on a daily basis, Mr. Deputy Speaker. They were changed on a daily basis at that time, and then someone in their wisdom looked at reducing and cutting back somewhat on health care costs and, with some common sense, said where can we cut back. Where can we cut back that it's not going to affect the patients' health or quality of care in the hospital? They said, if the sheets are clean, we only have to change them every second day or every third day. We'll straighten them and we'll tidy them and we'll fix them up so that the patients are comfortable, but we'll change them, we can cut back.

Mr. Deputy Speaker, I have never known clean bed sheets every day to save anyone's life. I have never known that to happen, and I have never known since the year I graduated in 1968 - I've worked in several hospitals throughout this City of Winnipeg - that when there was a need to have sheets changed, whether it be four, or five, or six times a day, Mr. Deputy Speaker, those sheets were there and those sheets were changed if that patient needed it. I will tell you that was the kind of care I gave and that was the kind of care that my

colleagues gave. To say that a nurse could not use her common sense and recognize the priorities of the day and the time to change the sheets when there was a problem is absolutely disgusting, and I'm ashamed.

I'm ashamed that somebody would even bring a question like that into the House, into this Legislature. The former Premier Ed Schreyer - well I'm glad he's gone because, if changing bed sheets is this government's idea of what the priorities in health care are, then we're in big trouble. That's why our health care system is in the problems that it's in right now in this province.

I will tell you that nurses are taught to prioritize and recognize the needs of the patient and act accordingly. If there was a nurse who didn't change the sheets and a patient suffered as a result, that is a direct responsibility or a lack of care and concern on her part. But it is not something that should be brought to the Premier or the Minister of Health as a problem in this province. That's a problem that should be dealt with right in the hospital at that level and should be taken to the proper channels. It is not something that the Minister of Health should have to deal with in this House.

I say again that if that is this government's priority - clean sheets everyday on a hospital bed - we are in big trouble in this province if that's their main priority.

What has this government done? They've decided to cut back beds. We don't even have to worry about changing the sheets on those 111 beds. We've cut the beds right out. We're saving money; no sheet changes any longer! They talk about the three strips of bacon cut back to two strips of bacon. Well, cut back 111 beds and you don't have to provide any bacon for those 111 patients! There are patients in the Province of Manitoba that would gladly have a hospital bed and no bacon.- (Interjection)- That's right.

I can't even begin to understand where the priorities are. And the Minister of Health sits there and shakes his head. I will tell you that if those were the major issues during the Lyon Government, I have some concern about where we're headed under this NDP Government, as the Ministers over there sit and attempt to complain about the situation.

Mr. Deputy Speaker, I worked in the health care system during those years. I know for a fact that patients were well-looked after and their needs were met. Nurses were nurses who recognized priorities and cared.

I will say that back in 1969 and 1970, under an NDP administration, there were times when there were no sheets. We used the sheets that we had to the best of our ability. If I was looking after 10 patients and only had six sheets, I will tell you that the six that needed them the most got them. It happened in the Schreyer administration, it happened in the Lyon administration, and it is happening today under the Pawley administration.

All I have to say is that I was extremely disappointed that someone that sits with me in this Legislature would bring up such a trivial problem.

Mr. Deputy Speaker, we talk about a world-class health care system, universal Medicare, that provides for access to health delivery with no cost. Yet we just heard today, Mr. Deputy Speaker, the ambulance drivers talking about the lack of funding to ambulances by this Provincial Government.

It seems that here in Manitoba the government believes that our universal Medicare system begins at the door to the hospital, when you're delivered to the door of the hospital. It doesn't matter how you get there or how much you have to pay to get there, they believe that health care begins at the door to the hospital because they pay a measly \$2.24 per capita. The next province - well, Newfoundland pays \$5.45 per capita, Mr. Deputy Speaker, and as high as \$20.00 per capita in British Columbia, and we've got a government here that says we're providing universal Medicare at no cost to the patient, no user fees.

What does the City of Winnipeg have to do as a result of the \$2.24 funding per capita? Actually, I don't even think the City of Winnipeg gets \$2.24. The City of Winnipeg receives only \$1.83 per capita for ambulance grants or funding from this "caring" government.

A MEMBER: And sharing.

MRS. B. MITCHELSON: Caring and sharing. Right.

The Minister of Health has some serious looking at the ambulance system, some serious thinking about what he is going to do so that the people in the City of Winnipeg will have proper access.

Those that can't afford it, Mr. Deputy Speaker, are the ones that are going to hop in their car and try to get to the hospital rather than calling an ambulance and maybe die on the way there as a result of this government's funding of the ambulance service and of the user fees. The user fees - such a bad word here in this province and this Provincial Government. It is the user fees, Mr. Deputy Speaker, that may kill these people that are attempting to get to the hospital when the time comes and the need comes.

Mr. Deputy Speaker, we have a situation here too, and I can understand where the Minister may be coming from when he's talking about changing the policy for funding out of Canada's hospital premiums when people are down in the States and have to go into the hospital, and I realize and I understand that the costs are higher and that they may have to be looking at implementing something new, but we are going from a 75-percent funding formula down to a 27-percent funding of the cost to stay in a hospital in the United States.

Mr. Deputy Speaker, I honestly believe that the Minister of Health is going to have to provide some form of information, some information that is going to have to go into every household throughout the province. If there were 400,000 travellers that went to the United States or came back to Manitoba from the United States in the first nine months of 1987 - and you know, those 400,000 travellers were not necessarily the rich and the wealthy that stay down in the States for six months because those are the ones that can well afford increased insurance premiums - extra coverage - but it's the seniors, Mr. Deputy Minister - those pensioners who have saved all their life and maybe sold their small home and live in an apartment here for six months or maybe in a small cottage for six months, have worked and lived in the Province of Manitoba for 40 years. Those are the people that are going to be hit hardest by the new policy where they may have to pay up to \$3,000 in added insurance to go down to the States.

It's those families that travel just across the border for a short weekend to get away from Winnipeg for a short period of time, or those hockey teams that travel to Minot, North Dakota, to towns just across the border that are going to be hit hard. Those people are the ones that are going to have to be made aware, because what, in fact, this government is doing is creating a two-tiered system because those that can afford it are going to get the insurance and those that can't afford the increased premiums are the ones that are going to take the risk and go down to Minot, North Dakota without the added coverage, the added insurance, or go across to Grand Forks for the weekend without the added insurance, maybe not realizing that if they get sick, instead of 75 percent of their costs being covered, only 27 percent is going to be covered. Those are the people that can afford it the least and they are the people that will stand the most to lose if they take the risk and they do not get the added insurance.

That is something this Minister is going to have to think about, and he is going to have to educate and make all of Manitobans aware of the situation and of the decrease in funding. I'm not saying that it's a bad policy or a good policy, but it's something that the Minister is going to have to look at because those are the people, the people that can afford it the least, that are going to take the most risk, Mr. Deputy Speaker.

I'm waiting with anticipation to see what's going to happen with the Morgentaler Clinic, Mr. Deputy Speaker, now that the College of Physicians and Surgeons has said they can go ahead and open the clinic with some conditions. I'm waiting to see what this government is going to do or what action they're going to take or whether they're going to allow or provide coverage under health care in Manitoba for abortions at the Morgentaler Clinic. Are they going to allow abortion on demand to be covered completely by Medicare in this province?

If they are, Mr. Deputy Speaker, I have some grave concerns because there's no other health care service in this province that is covered under our Medicare system and available on demand. You cannot demand to get treatment for cancer and get it tomorrow. You cannot demand to get open heart surgery and get it tomorrow. You have to go on a waiting list and you have to wait your turn. There is no other service available on demand, and the people of Manitoba do not want a service that is not life-threatening to be available on demand and paid for by the taxpayers of Manitoba.

So I am waiting for the Minister to make a decision and let us know what is going to happen as far as the Morgentaler Clinic or that type of clinic that's going to be set up in this province.

Mr. Deputy Speaker, I also do want to briefly mention the resolution that I have introduced to this Session of the Legislature on AIDS and AIDS testing. Very interesting. I sent a survey out to my constituents and I don't have the final results, but when I do have them, I have them all tabulated. I've received about 500 replies back, and thus far, over 80 percent of my constituents - and I'll read the question that I did ask. It's just a very basic straightforward question - just let me find it - and it says, "Do you support routine testing for AIDS: (1) on admission to hospital; and (2) before marriage? A very basic simple question.

Over 80 percent of the responses thus far, and I have over 500 responses, have said, "Yes, we support routine

testing for AIDS. Why should AIDS be treated any differently from any other disease?" And it isn't any different. It's a deadly disease - a disease that has killed and will kill more people in Manitoba.

You know, when we're looking at health care costs and health prevention and health promotion, I think we've really got to seriously look at this and treat it like it every other disease. It isn't any different and it affects all people in all walks of life and it's incurable, that's right - it's deadly - and I believe that we, as a government, should take some action and treat it like every other disease. Draw an extra vial of blood when someone is admitted to the hospital and test that blood for AIDS, and if it's positive, let that person know.

The time has come when people, along with knowledge, knowing that they're carrying a deadly disease, have to accept some responsibility for their actions and conduct themselves in a manner so that they will not spread that disease on further to anyone else. It's a disease, it's fatal, and we've got to take control of the situation. I'll be speaking on that more when the resolution comes up for debate, Mr. Deputy Speaker.

I just want to go slightly into the City of Winnipeg and what this government is doing as far as funding the City of Winnipeg. I will just quote to you from the Winnipeg Free Press, and I'll tell you who said this. It was councillor, Harold McDonald, the Liberal, so he wasn't necessarily a Conservative or anyone that leans the same way as I do politically. He says, "This year's grant increases to the City of Winnipeg fall below the rate of inflation and amount to less than half the amount other provinces provide to their cities."

We've got a province that cries that the Federal Government does not provide 50 percent of the funding to help in education in this province. They provide 50 percent of the ensured services, which they should provide, but they're not going to provide 50 percent of the mismanaged money and waste it, mismanaged, wasted, lack of priority programs that this government implements. They're going to fund 50 percent of the ensured services. But we've got a province that will not fund 50 percent of the transit deficit to the City of Winnipeg, to their major city, which holds over half of the population of the Province of Manitoba.

I'm not asking the government to add any more money; I'm asking the government to prioritize their money. When we look at the money that's been wasted and spent and I'll repeat it for the Minister of Education, because he seems to have forgotten that this government has wasted and squandered and mismanaged taxpayers' money. They've spent \$27 million, wasted and mismanaged in Saudi Arabia on MTX. It's wasted and lost \$31 million on MFI. They've wasted and squandered and lost \$121 million over the last two years on Autopac and MPIC. I'll table it if you like; it's one of my questionnaires. - (Interjection) - Well, the former Minister of Highways says - It's really not worth worrying about considering the source; it's not worth worrying about the comment that was made.

One hundred million dollars lost on Flyer Industries and \$184 million deficit in Workers Compensation, well, I've repeated that for the Minister of Education. We talk about where are we going to cut back and where are we going to put our priorities. Well, I will tell you, Mr. Deputy Speaker, that these certainly wouldn't have

been Conservative priorities. There certainly wouldn't have been the waste and mismanagement. Obviously, if these are things that have just been discovered in the last few years, there's more waste and mismanagement and lack of prioritization and lack of common sense, Mr. Deputy Speaker, when it comes to running the Province of Manitoba.

The results of lack of funding to the City of Winnipeg by this government are the results, Mr. Deputy Speaker, of a cash-strapped government; a government that has wasted and mismanaged your tax dollars and mine and the people of Manitoba's tax dollars. They have wasted and squandered that money and they've got no money left and nowhere to turn and nothing to do.

So we've got a situation now where they're penalizing the ratepayers, the taxpayers in the City of Winnipeg, as a result. They're saying, "Well, we have no money, so we're going to cut back on your money." You know, they've promised money to the City of Winnipeg and when it comes right down to it, they're going to be giving less money this year rather than more.

If you just give me a minute to find the figures here. Mr. Deputy Speaker, the Minister of Urban Affairs has said to everyone that he's going to give the City of Winnipeg \$22 million this year for capital projects, but he's going to give them \$10 million that they can't use this year because it's not in their planning stages. So they're ending up getting \$12 million less than what they got last year.

Mr. Deputy Speaker, under a long-standing agreement with the City of Winnipeg, the province in the past has always funded 50 percent of the transit deficit, and now over the last two years under this NDP administration there's less funding. They have a shortfall of \$700,000 to \$800,000, over the last two years consecutively, from this Provincial Government because they've run out of money. They've spent our money. They've borrowed to the limit. They are in a situation now where they've got their backs up against the wall and they can't go anywhere, so what they have to do is start cutting the amount of funding, reducing services to the people, to the ratepayers of the City of Winnipeg.

Another example is the Minister of Education's unilateral decision. I really don't know whether he consulted with the Minister of Urban Affairs. I'd really like to know whether the Minister of Urban Affairs agreed with the new policy of the Minister of Education, when he said that he was going to change the collection of education taxes, the transfer.

MR. A. DRIEDGER: The Minister of Education doesn't listen to anybody.

MRS. B. MITCHELSON: I don't know whether he can. Maybe the Minister of Education could nod his head, yes or no. Did you consult with the Minister of Urban Affairs or did you go ahead and do it unilaterally while the Minister of Urban Affairs was away on holidays?

If he did agree with you, I have some concern about his credibility when the City of Winnipeg is going to lose \$6 million as a result of this.

HON. R. PENNER: Anything we do, we do consensually.

MRS. B. MITCHELSON: I know it stated in the Budget that there's going to be. My school division may be

gaining some money, I don't know, but the Province of Manitoba is also gaining some money as a result of the changes in policy. Our school division cannot adequately invest that money like the City of Winnipeg could, to get the same return on that money, so they're really not going to be much further ahead.

Anyway, the Premier of our province today promised during the last election that the NDP would increase education funding from general revenues up to 90 percent, but what have they done? They've decreased general funding to 74 percent and it was 81 percent in 1981. Am I out of time?

MR. DEPUTY SPEAKER: The honourable member's time is over.

MRS. B. MITCHELSON: Thank you.

MR. DEPUTY SPEAKER: The honourable member's time is over.

The Honourable Minister of Education.

HON. R. PENNER: Mr. Deputy Speaker, the Tories are all dressed up and have nowhere to go. They're just lusting for an election so much they can taste it. They have different strategies of how to get to that point. The newer members are looking for a gimmick. Maybe if they don't pair; maybe we'll go to sleep over here; maybe in committee somebody will come from behind the door and, lo and behold, by that kind of gimmickry we'll be launched into an election, we'll be before the people on the hustings, and all of their dreams of being in power will have been realized.

That's the less admirable approach. Others, more experienced, and I think probably more admirable, are finally heeding the advice of their media supporters and trying to create a distinctive platform. So far they have failed miserably in the debate on the Throne Speech and the debate on the Budget motion.

Frankness demands that we point out to them that they have failed miserably. I don't want to hurt their feelings but we want to be frank. They have failed utterly and miserably. How could they succeed, Mr. Deputy Speaker, when they are trying to be all things to all people? When for example, yesterday - and I listened with respect as I always do to members opposite - the Member for Rhineland lambasted the health care system in Manitoba as the worst in Canada and at the same time called for spending cuts in every area.

Presumably he's going to - if indeed he is right and he is not, and they know it - improve the health care system and the education system by cutting money.

The Member for River East, incidentally, seems to think that the indicator for how good a health care system is is how many acute beds you have. She laments what she calls the closing of 111 beds. Presumably the way to improve the health care system is to add acute care beds.

Therefore, we are looking for a platform, not merely to replace those 111 beds, but presumably to shift money from home care and other programs of that kind and open an additional 111 acute care beds and therefore, by definition, we're going to have this wonderfully improved health care system.

But let's have in mind the facts. The Improvement in health care spending . . .

MR. DEPUTY SPEAKER: The Member for River East is raising a point of order?

MRS. B. MITCHELSON: On a point of order, Mr. Deputy Speaker.

I never indicated that increasing the number of acute care beds would improve the health care system as the Minister is indicating.

MR. DEPUTY SPEAKER: Differences of opinions are not a point of order.

MRS. B. MITCHELSON: Thank you.

HON. R. PENNER: I accept both the clarification and the implied apology.

Madam Speaker, the fact is that in this fiscal year we are doubling - the increase in health care spending is double inflation. During the Tory years when they were in government their increases in health care spending was half of inflation. There is simply no credibility to fiscal fantasies of this kind. It underestimates the intelligence of the Manitoba voters by a country mile, if I can use that expression and I think it is appropriate.

It's roughly on par with the Leader of the Opposition and the Member for Morris' notion that they put forward - very quickly and very glibly, but haven't yet explored it - they're going to cut another \$130 million from the Budget, if I understand correctly what they're saying.

If in fact, Mr. Deputy Speaker, \$130 million more were to be cut from the Budget which was tabled by the Minister of Finance, that would require severe cuts in health, education, community services and income support. It in fact would entail cuts of 5 percent from those areas combined or across the board a reduction of 5,000 jobs in the Civil Service, or some combination of those two. That's what the \$130 million would require.

If that's the program, Mr. Deputy Speaker, upon which they hope to bring down this government and go to the people, then they'd better spell it out. After all, they're lecturing us on openness and honesty.

In fact, Mr. Deputy Speaker, the \$130 million understates their case since they have pledged - as I understand it and they can deny it if they wish, I would like to hear that denial - to eliminate the payroll levy. Well, that realizes \$197 million.

So now, in reality, they've got \$325 million of explaining to do. The \$130 million they are going to hack from the deficit and the tax reduction in that area alone of \$197 million. So there is \$325 million of explaining that has to be done if they're going to come across as a credible Opposition with a platform upon which to go to the people in this election for which they thirst so badly. They won't spell it out, Mr. Deputy Speaker, we will.

A cut in health, in education, community services and income support of at least 10 percent or the equivalent of 12,000 jobs would be required for cuts of that magnitude. I want to repeat that for the record, and I want to hear members opposite to tell us what they're going to do to realize the \$130 million cut further in the deficit and to make up for the \$197 million in the payroll levy.

Actually, what they would have to do is acute protracted slashing in every area of government. Let

me spell it out again. The equivalent of a 10 to 12 percent across the board in health, education, community services and income support or 12,000 jobs or a combination. What a wonderful boon to the economy that would be. What a savaging in fact of essential services. What a program to go to the people on.

The Member for River Heights can play her P.R. job of batting out percentages on her little calculator until her fingers give out, but she too can only take refuge in generalities for so long. Her's, however, Mr. Deputy Speaker, tends to be a somewhat different tact. Let us say candidly, principally to those who are not likely to govern in the immediate future, spend more is always the approach that she takes.

I challenge the Member for River Heights to come out from behind her calculator and tell us in all honesty how much more is she proposing that we spend in health? Put a figure on it. Tell us how much more she is proposing that we spend in education? Put a figure on it. Tell us how much more in community services. Tell us how much more in income support. And don't, I say to the Member for River Heights, fall prey to the Tory strategy which, when pressed to that point, do what the Member for River East just did and that is point to losses in the Crown corporations, knowing full well that even if their figures and their explanation for those figures were correct that those losses were not borne out of consolidated revenue and were not available in any event had those losses not been occurred for health, for education, for community services, for income support.

Madam Speaker, in any event, just as the profits over the years in those Crown corporations, which now in some instances have suffered losses, have benefitted the ratepayers, so too the losses now being incurred will come out of the reserves that have been built up. That is true with respect to Hydro; that is true with respect to Manitoba Telephone Services; that is true with respect to Autopac. That is, over the years in those areas, the users of those systems have benefited from the lowest rates in hydro in North America, lowest rates in telephone virtually across the North American continent, lowest rates in automobile insurance virtually across the North American continent.

I challenge them, incidentally, any one of them, to take any typical they want over-25-year-of-age driver of a late model car, and trace that from the inception of Autopac to this date and calculate the thousands of dollars which that user has in fact to this date saved on automobile insurance, if they want to point to the Crown corporations. But in any event, my point is that you can't, as the Member for River East just did, take refuge in looking at the issue of where are you going to find the money from which you propose to decrease the deficit or improve services, and say, well, we're going to find it from the money which has already been lost by some of the Crown corporations. That will not wash.

What has emerged principally in the debate to date, Mr. Deputy Speaker, is an attack centred around the size of the deficit and the finance or debt-service charges thereto appertaining.

We know that, to the extent possible, the deficit should be reduced. We know that debt-service charges will consume about 11 percent of the Budget and

obviously, if the deficit were reduced, it would leave more money for programs or tax reductions or both. We also know that we are doing that in a measured and responsible way, but what has to be said is this, what has to be placed on the record is this. Those debt charges are, in effect, a delayed part of the social spending that we incurred over the recession years, social spending from which we not only as a province, as a people, benefited at the time, but from which, Mr. Deputy Speaker, we continue to benefit.

In those debt charges, to which speaker after speaker on the Opposition benches has pointed, in those debt charges we are paying not simply for borrowed money - that of course - but for example, we are paying on a delayed-payment basis in part for a total of over 35,000 housing starts, 1982 to '87, 27,000 of which in the private sector, levered by public sector housing programs for the balance.

We are paying on a delayed-payment basis through debt-service charges for the unprecedented job creation performance during the recession, jobs, Mr. Deputy Speaker, which are still there; 37,000 jobs which took people off the welfare rolls at a great saving to the Treasury of the Province of Manitoba, and jobs from which tax revenue continues to be received.

The debt-service charges are paying in part for programs like Main Street Manitoba, a \$13 million expenditure which not only put Manitobans to work, but which brought a new lustre to the faded main streets of over 40 Manitoba communities. I heard the Member for Arthur mocking this program from his place in the House. Let him stand in his place, Mr. Deputy Speaker, and tell the people of Altona, of Killarney, of Morden, of Portage la Prairie, of Swan River, of Lac du Bonnet, of Teulon, Dauphin, Neepawa and all the others that this was a failure. Clearly, it was not a failure. Clearly, it demanded the expenditure of money; clearly, it contributed to the deficit of the day; clearly, we are paying a debt service charge for that debt.

But what did we pay for? We paid for jobs, we paid for employment, we paid for tax revenue earned on those jobs. One can't take one little piece out of a macro-economic unit and isolate that for examination, and not look at the balance - housing, Mr. Deputy Speaker, jobs, Main Street Manitoba, Community Assets, day care, quality public day care, an education system of which Manitobans are proud, no matter how members of the Opposition, or the Member for River Heights may wish to disparage; a health care system of which Manitobans are proud and justly proud, no matter how the members of the Opposition may wish to disparage. And shame on them for doing so. Shame on the Member for Rhineland for standing in this place yesterday and saying, ours is the worst health care system in Canada. And I could go on.

The point is, Mr. Deputy Speaker, that's what the deficit was all about. That's what, in part, debt-service charges are now paying for. That was responsible social spending which marks the clear difference between the NDP and the Tories, between managing the economy to produce long-term services, long-term benefits, and acute protracted Tory restraint.

When there's an election, two or three years from now, that's what we'll have no hesitation campaigning on. I would like again to place on the record - my predictions so far have been good in this area - that

whenever that election comes, and certainly it will be within the next two or three years, when the votes are tallied and the seats declared, the NDP will be in government and they will continue to be in Opposition.

Now, Mr. Deputy Speaker, I want to speak about education funding. For the record, but particularly for the Member for River Heights because it is on the record, the province will provide an overall increase of 4.8 percent to education funding in the fiscal year '88-89 - I repeat, 4.8 percent, 5 percent over all public schools, 4.5 percent over all universities. But yet, the Member for River Heights raises this in her address to the Budget Motion, page 360 of Hansard, Monday, the 29th of February, 1988. "I want to know," she says, "how education can survive in this province if they don't even keep pace with inflation. The public schools," she says, "will have to work with 0.7 percent less in real dollars than they got from this government last year. Universities will function at 1.2 percent less in real dollars for operating costs," she says, on the record on page 360.

The fact of the matter is, and it is a fact, that the overall increase in education funding is 4.8 percent, and actually the inflation rate as we go into the fiscal year in question is 3.6 percent. That's a Stats Canada figure. So, in real terms, there has been an increase in education funding of 1.2 percent. For the Member for River Heights, after punching around on her little calculator, to stand in her place and say that there has been a cut in real terms in education financing is unacceptable. It is unacceptable.

The Member for River Heights says, well gosh, I don't have the same research staff that you people have. Come on. You don't need research staff to get Stats Canada figures. These were distributed. She has them in her possession. You don't need Stats Canada figures to read in the Budget the dollars which show the 4.8 percent increase overall in education funding. They are available. She doesn't want to read the StatsCan figures on what inflation actually is. They appear monthly in the Globe and Mail. It showed that, for Winnipeg, the January figure is 3.6 percent.

Incidentally, Mr. Deputy Speaker, in terms of what this province has been able to do in a responsible managed Budget while bringing down the deficit far more sharply than the Federal Government has, by bringing down the deficit far more sharply than any other government has - you know, in Liberal Ontario, which she was always touting and flouting, right? - they've got money from the rest of Canada flowing in. They've got billions of dollars sitting in their Treasury. What was their university grant for this fiscal year - 4.5 percent - actually on a per student basis, less than the grant given by this government to the universities of Manitoba. In Tory Alberta, for the rest of that lot over there, what was the grant - this was a published grant, it was available in the records of the Province of Alberta and in the bulletin of the Association of Universities and Colleges in Canada - 1.5 percent, after a cut in the previous year of 3 percent. So they've only restored half the cut while inflation continues to take its toll.

So you have Liberal Ontario with all of that money, Alberta admittedly hard pressed - not as hard pressed as this province - cutting to the extent that they have. We, and I say proudly, are able to give our universities an increase of 4.5 percent. Incidentally, for the record

- and this may not have been known to the Member for River Heights and, therefore, I don't fault her for that - our increase to the universities is even greater because in fact, year over year on a per student basis, year over year, there has been a decline in university enrolment of 2.43 percent full-time equivalence. So on a per student basis, our grant is even higher than 4.5 percent.

I note that the Member for River Heights, in her contribution to the debate on the Budget Motion, says at the conclusion of those remarks, page 362, that she cannot accept the Budget because of the cuts in education and, therefore, she will not vote for it. She made the same erroneous comments with respect to health. I say to her, if she needs some help in doing her research, I gladly offer it to her. If, as she will see, that in fact instead of cuts, there are real increases, will she then vote for the Budget? The answer is no, she won't. She'll find some other reason to take a kind of opportunistic, that is to say, liberal approach to this matter.

(Madam Speaker in the Chair.)

Madam Speaker, with respect to financing the public school system, there is one other matter that should be put on the record. In fact, it is a matter of record. The figures were distributed to the House the other day when the annual report of the Department of Finance was distributed. The increase in public school financing on a per student basis is far greater than is revealed just in the year over year figures because, from 1970 - I'll go back that far, because I think it's interesting to see what is happening in this province demographically in terms of the aging of the population - to 1986, inclusive, the decline in public school enrolment has been 50,000, from a high in 1970 of 247,504 student enrolment in Manitoba public schools to just under 200,000 in 1986, beginning now, incidentally, to edge up a little bit. I hope that's a sign of what might happen as a result of the echo of the baby boom.

But the net effect of that, in real terms, Madam Speaker, is that the growth in per-pupil support from the years 1981-82 to 1988-89 in the funding of public schools has exceeded inflation by 20.1 percent.

I want to say that again to make sure that it's clear on the record that on a per-pupil basis, the increases in public spending on the public schools in the years of the Pawley administration has exceeded inflation by 20.1 percent.

A MEMBER: What is the special levy . . .

HON. R. PENNER: They get grants for that. They get grants which covers that completely.

A MEMBER: Oh, come on!

HON. R. PENNER: Oh, yes, they do. They get every single penny of the levy, and you ought to know that if you're going to be the critic for Education. If you don't have enough research staff, I'm glad to help you out on that one as well.

Madam Speaker, I think what we have to do is be aware of the problems that the public school system

does face and I don't want to fudge those in any way. There are demographic changes, there are changes in policy, changes which I think are indeed correct in terms, for example, of mainstreaming a lot of students who were previously put away, institutionalized, cut out of the mainstream, which is increasing the cost of educating the students in the public school system. That has to be acknowledged.

There are other demographic changes, shifts in the population, which are increasing the cost of educating in the public school system, and accordingly, it behooves us to look as carefully as we can at the means by which we fund that system.

I want to say again, as I said in a very good discussion with representatives of Winnipeg No. 1 this morning, that the education financing review presently under way is going to tackle a number of these problems, the problems of special needs particularly, but not only the problems which an equalization approach, write-in principle, have created, because it needs some fine tuning particularly with respect to some school divisions such as Winnipeg No. 1 and St. James. All of these are going to be looked at, and I want to say to you that where we can improve - and we can in terms of the method of education financing - those changes will be made.

Madam Speaker, I want to turn now to some brief comments on university financing. You know, the members opposite, never tiring in their defence of the Federal Government, have said look at all of the increases you've got this year in transfers, not looking at what, in fact, is happening long-term with respect to fiscal transfers.

I want to cite, Madam Speaker, from a document which says, "The report of the provincial Ministers of Finance and Treasurers." That is every single provincial Minister - Social Credit, Tory-Tory, NDP, Liberal-Liberal and down the line - "November 1987" - for the Member for Morris. "A report of the provincial Ministers of Finance and Treasurers filed with the First Ministers at the First Ministers' meeting in November of '87," if I may cite from that document - not a document prepared within the Department of Education, Manitoba, or within the Department of Finance, Manitoba, and I draw the Member for Morris's attention to this - "The total all-province health and post-secondary education spending has been estimated, using definitions established by federal-provincial consensus in 1981. These figures show that the federal share has declined to 42.2 percent in 1986-87, down from 48.9 percent at the program's inception in 1977-78, and significantly reduced from the federal peak of 50.1 percent in 1979-80. On a cash-only basis, excluding the value of transferred federal tax points, the federal share of all province health care and post-secondary education spending has declined from 26.8 percent in '77-78 to 22.6 percent in '86-87.

I'm quoting again, let me point out, from a document filed by every single Finance Minister in this country, provincial Finance Ministers including all the Tory ones. These Ministers say if the federal share of health care and post-secondary spending had remained at 48.9 percent as in '77-78, the federal EPF transfers would have been \$2.7 billion higher in '86-87 alone. On a cumulative basis - listen to this, Madam Speaker - provinces would have received \$10.3 billion more over the 10-year period '77-78 to '86-87. So let's be fair.

This is attributable not just to the Mulroney Government, it's equally attributable to the previous Trudeau Government. The Liberal and Tory Federal Governments, with all of their rhetoric about the importance of the health of the Canadian people, with all of their rhetoric about the importance of education, particularly post-secondary education to the national economy, with all of the rhetoric about the need for a science and technology strategy to keep Canada among the top of the advanced nations, where Canada is now just at the bottom of the advanced nations in these areas and falling even faster, with all of that, what have they done? With all of the rhetoric, they have cut cumulatively \$10.3 billion from EPF over a 10-year period.

The National Advisory Board on science and technology headed by Pierre Lortie, a leader in the private sector, head of Provoco Foods, recommended on the 13th of January this year to the Prime Minister of this country that an additional \$500 million be granted in the next three years to university basic research if in fact we are to meet the challenge of a transfer from a resource based economy to a information society and an information based and a served based economy, and over the succeeding years, those research expenditures be indexed at 1.5 of GNP.

That was a recommendation, let me repeat, of the National Advisory Board on science and technology headed by some of the leaders in the private sector. That was the recommendation. And the Prime Minister of this country said, no, that's not in the cards. What did he do? He announced his own policy, a \$1.3 billion policy, only \$300 million of which were for universities, \$1 billion will flow to the private sector for R and D.

Madam Speaker, if I may make it clear, that was by and large a welcome announcement. There ought to be a billion dollars made available - over the next few years, it was over five years - to the private sector for R. and D. if the Federal Government is to meet the promise it made to the people prior to the '84 election of moving the R and D expenditures in this country somewhere near where the more advanced countries of the world are spending.

The \$300 million identified in that \$1.3 billion for universities is going to be targeted on something called Centres of Excellence.

I want to place on the record here, and it is important that I do so, that I and other Ministers of Education just a few days ago discussed that particular matter with the Secretary of State, David Crombie, and we received his assurances that in fact that \$300 million would not be spent in sort of a selective way targeting one or two universities for extraordinary grants; no, that they would be looking at networks of research across the country and available in every province of the country. I think that's a good approach. I want to make sure that is on the record and indeed that is lived up to because Manitoba, in which at least this government is proud, has a lot to offer through its universities in terms of research, research that begins at the basic research level but moves quickly in these days to the applied research and to the application parts of technology. Manitoba, with its Faculty of Medicine, its Faculties of Science, with its Faculty of Architecture, particularly its Faculty of Agriculture and specialization in the Faculty of Agriculture and food-

processing and food products can be and ought to be immediately identified as a centre of excellence.

I have asked the presidents of the University of Manitoba, Brandon University, University of Winnipeg -(Interjection)- well it got that way because of the funding that we have put. Look over the funding that we have given the universities, 1981-82 through to this year, and you will find, Madam Speaker, that funding has equalled or exceeded inflation over those years and better.

So, Madam Speaker, this government in which I've been proud to be associated has, over the years from 1982, been engaged in an exercise of careful fiscal management in which the priority has been to, at reasonable cost, preserve and extend where required the social service network so that every Manitoban has an equality of access to the care that Manitoban needs, to the education that Manitoban needs, to the health care that Manitoban needs, to the income support that Manitoban needs.

We make no apologies for any of the deficits that were incurred in order to keep Manitoba at the top of the heap in terms of economic performance through those years. What we say about the debt-service charges, which are now a part of the expenditures which must be made, that those in fact are paying for the things that we achieved in terms of jobs, in terms of housing, in terms of education, in terms of health. I for one, and every member on this side, stand proud of that achievement.

It has been remarked on by a number of economists as a model of what could have been done by those provinces, particularly to the west of us, who are still suffering the ravages of acute protracted restraint. Had we been cursed by a continuation of that policy of acute protracted restraint, we like them would be at the depths of economic performance. We, like them, would have the lowest employment rates in the country, the highest unemployment rates. We, like them, would be facing massive deficits far exceeding that which has accumulated in the Province of Manitoba.

We make no apologies. We are ready when the time comes to go to the people of Manitoba on that record and more, but we will go when the time has come and not before. We will not be taken by surprise by some gimmickry over there. I say to the members of the Opposition, you have a challenge to develop a program but, if you're going to come forward and say that somehow or other, magically, you're going to produce \$130 million or \$325 million, you have another challenge. Tell us exactly what you're going to cut because, if you don't, then all of your claims to openness and credibility will have gone down the tube as it has in the past.

Thank you, Madam Speaker.

MADAM SPEAKER: The Honourable Member for La Verendrye.

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

It's again a pleasure for me to be able to rise on behalf of my constituency and to speak on the Budget. Madam Speaker, not like the Attorney-General that he takes this opportunity to speak on free trade. I'll reserve my remarks on free trade basically when the resolution on free trade will be before the House.

Madam Speaker, I would like to wish this Minister of Finance, this government - actually I would like to

be able to praise him in regard to this Budget, but unfortunately this Budget was another propaganda Budget - a large portion, basically, of self-praise. Madam Speaker, I believe it was actually a deceitful Budget.

We have seen, in the past, Manfor cover-ups before the election; MPIC - a \$72 million surplus where they didn't disclose all losses before the election, 1986; and as a matter of fact, Workers Compensation losses were not declared before the election; and so, Madam Speaker, I believe that this government has not been basically honest with the people of Manitoba.

Madam Speaker, in the 1987 Budget, we had increases basically what we would consider really a tax grab in the history of Manitoba - an additional \$369 million, a 20 percent increase basically across the board - new taxes on income tax, a 2 percent tax, an additional 1 percent on sales tax, land transfer taxes, 7 percent tax on takeout foods, payroll tax, water tax.

Madam Speaker, an increase in hydro rates of 9.7 percent but that didn't include a lot of the increases which were policy decisions as to charging corporations, not giving them the benefit of the sales tax, to 3 percent if they used electric heat like private individuals, and so there were quite a few other additional taxes which basically are not part of this 9.7 percent, Madam Speaker.

Then we saw the telephone rate increase; then we saw the auto premiums going up by 9 percent to 30 percent; Workers Compensation fees, 20 percent, Madam Speaker, and that list goes on with the increases and that was a tax grab.

Madam Speaker, the list goes on, and this is what brings me basically to read to you last year's Budget. I want to just show one portion of that Budget Address where it states the 2 percent increase, and when you calculate it - in here it states the 2 percent net tax increase, a new net income tax - and it says, "With a July 1, 1987 start-up date, the effective rate for the 1987 calendar year will be 1 percent." That's what it states in the '87 Budget.

Well, Madam Speaker, I don't see anything in the '88 Address of the additional 1 percent. I believe our leader and also the Member for Morris have addressed this in their speeches, Madam Speaker. There is nothing in this, Madam Speaker.

Now, Madam Speaker, this 2 percent net tax, effective the beginning of this year, will increase the revenues for the Province of Manitoba \$185 million, and that's not included. It doesn't state that in the Budget that there is an additional 1 percent over last year. Madam Speaker, that is again a betrayal because this Budget is supposed to basically address exactly the total revenues and everything that the Province of Manitoba is going to be working with during the fiscal year.

Madam Speaker, in spite of that, we had the gas tax increase. Then we had the cigarette tax increase, mining tax increase. We still have a \$334 million deficit Budget in spite of that, Madam Speaker. That is totally unacceptable for the people of Manitoba.

This 2 percent net tax increase of \$185 million should be in this Budget and, Madam Speaker, I can only indicate that this is another form of cover-up by this administration. Madam Speaker, when we, a have-not province, a government that is bragging that it's been in power 15 out of the 19 years, and we constantly in the Budget have to be fed-bashing - and I'm referring

to the one term that the PC's were in power. That's the only time they can refer to as statistics. I must assume, by stating this, that this government is in distress.

It seems to me this Province of Manitoba is, like one of my colleagues indicated, it's like the Titanic, Madam Speaker, a government without a leader. Where was the captain of the Titanic? I think we are on the same course, Madam Speaker. I think we all know what happened to that Titanic. In spite of that, the feds are equalizing, giving us additional funds but, Madam Speaker, all we hear from across the way is how the feds are not paying enough.

Madam Speaker, that reminds me basically of the Federal Government, when they were elected, the PC Federal Government, we had a \$36 billion deficit annually. They've been bringing it down slowly, with great difficulty. Now we're down to possibly \$29 billion, and what do we hear? We need more, more, more, more from this government. Madam Speaker, we in Manitoba are trying to borrow our way into prosperity and this is not possible. When this Federal Government was elected, the Finance Minister stated that he would reduce the deficit, Madam Speaker, and he has been doing so.

Then it brings me back basically, Madam Speaker, again to this Budget book on page 7, I believe it is, where the total deficit is described, and there the Deputy Minister of Finance is stating that it is just a paper loss. How can you consider that to just be a paper loss, Madam Speaker? Don't we all eventually, Madam Speaker - like for instance, the farmers in 1981, '82, '83 when the interest rate was rising so drastically, was that just a paper loss? No it wasn't, Madam Speaker. That was a loss, that was not a paper loss. These farmers are in trouble. These farmers are not in any position that they could repay those losses, and it was not just a paper loss. As much as we maybe would like to try to make some of these a paper loss, but they are not, Madam Speaker.

I want to find that. No wait, that's great, that's good, because I think it's important that you see some of this information. Oh, here we are, Madam Speaker. I want to take you to the Manitoba Budget Address 1988 book, and there it states: the net direct and guaranteed debt, Madam Speaker, \$10,850,228,000, almost \$11 billion, Madam Speaker. That does not include the pension fund of \$1.2 billion. That doesn't include the losses of reinsurance or the Workers Compensation. Madam Speaker, this Province of Manitoba today is carrying well over \$12 billion debt.

I believe now we're getting to the true figures of what basically the deficit for the Province of Manitoba is, and I believe it is unrealistic. I think that this Minister of Finance, with his Budget, has again been betraying the people, just like he did, Madam Speaker, in the Budget in regard to agriculture.

He's talking of a 28 percent increase, but it's only a 5 percent increase over last year. That's what it states in the Budget Address. Last year it was \$85 million, and this year it is \$90 million, Madam Speaker. So, Madam Speaker, when we in agriculture are realizing a 4 percent drop in net income in 1987 and other provinces have a 16 percent increase, what is this government doing for agriculture? What is this government doing for agriculture, Madam Speaker?

It's interesting to hear when the member across, the Attorney-General, talks on free trade about agriculture and how he's concerned about it. He is not concerned about agriculture, Madam Speaker. It was quite obvious that this government is not concerned about the agricultural industry in total, Madam Speaker. Why do they not come up with a tripartite stabilization program for beef or sheep or honey or beans, Madam Speaker? There's nothing of that nature in it whatsoever, Madam Speaker.

Madam Speaker, I'd like to touch a little on Co-op Development where, last year, through the borrowing authority, The Loans Act No. 57, the Province of Manitoba authorized \$1.25 million to set up gas bars in the Province of Manitoba. Madam Speaker, I have checked with the Minister. He hasn't indicated as to how many gas bars are being planned to construct, but obviously they want to go ahead with it. Well, Madam Speaker, that's going to be another Titanic.

Madam Speaker, we are seeing this government now wanting to purchase with all the different oil companies, gas, in order to reduce the gas in the Province of Manitoba. Madam Speaker, how hypocritical can you be? In one hand you put up the tax on gas to charge the people of the Province of Manitoba more money, thereby authorizing \$1.25 million to set up gas bars, co-op gas bars, to bring down the price of gas in the Province of Manitoba.

Madam Speaker, I'd like to see the provincial co-op gas bars compete when we have these gas wars that are going on in the City of Winnipeg when you can buy gas for 34 cents or like in the community of Ste. Anne, today I purchased for 35 cents a litre, fuel. I'd like to see how this Minister of Co-ops is going to be able to finance his gas bars without subsidizing it like he would have had to do to Inter-City Gas, when they would have bought Inter-City Gas, Madam Speaker.

But most of all, Madam Speaker, I would like to see this province have hearings across the country, hearings where to set up these gas bars, how many, how much provincial funds should be allocated towards it. My goodness, we can have hearings on free trade, which is a federal matter. Why can't we have hearings on issues that pertain to the Province of Manitoba, Madam Speaker? I think we need to have hearings. We should be able to get a financial statement as to much money the province would put into these gas bars, how much it would cost the ratepayers of the Province of Manitoba, Madam Speaker.

Then, Madam Speaker, I want to challenge the Minister of Co-op Development on another issue. I've had numerous complaints from farmers from the Virden area. They thought this Farm Debt Review Board was really the saviour for all the farmers in the Province of Manitoba. To date, they've had I think 258 phone calls, I wonder how many farmers.

Madam Speaker, I would like this Minister to allow a lady by the name of Bernice Heaman, a farmer from the Virden area, to be able to come before him and present her case. She has tried for two years to meet with the Minister. Madam Speaker, she claims that there have been accusations made against her. She's had unfair treatment and irregularities have been placed against her. But, Madam Speaker, not even the Farm Debt Review Board has an open ear. So, Madam Speaker, I believe that this Minister, if he wants to be

a responsible Minister in Co-op Development, owes this lady the time of day that she can present her case. At least in two years, he should be able to give her some time so she could present her case.

Madam Speaker, then we've got the MGEA agreement. Like the article stated in the papers from the President of MGEA, "We got everything that basically we asked for." Then, Madam Speaker, when I read this article from the Globe and Mail, where it states, "Here, surrounded by pool tables and checkerboards in the basement lounge, the Cabinet Ministers relax and share a drink with their friends from the unions in a province where the New Democratic Party has governed for 15 years out of the past 19 years."

There is a tight web of connection between the government and organized labour, Madam Speaker. These Ministers are meeting constantly with these members in this lounge and, Madam Speaker, I'm just wondering how many games of pool, or who had to win, or how many drinks it took in order to finalize this MGEA agreement? Was this agreement sanctioned at the pool table over a few drinks? I believe our Minister of Finance was possibly out to lunch at the time when these negotiations took place, Madam Speaker.

Madam Speaker, where is the captain of the Titanic? Where is the Premier of this Province? Where was he during these negotiations? Why can we not hear anything from the Premier of this Province in regard to these negotiations or in regard to these pool games, whatever you want to refer to on that?

Madam Speaker, I want to take you to page 7 of the Auditor's Report now. On page 7, let us not try to betray the people of the Province of Manitoba, Madam Speaker. It's just a matter of time. You did it in 1986, Madam Speaker, but it will not be possible hereafter, so I'll refer to the Auditor's Report.

"The effect of the presentation adopted by the government in preparing its financial statements for the fiscal year ending March 31, 1987 is an overstatement of financial assets, and an understatement of excess of liabilities over financial assets and the net budgetary requirement . . ." for the province. And it's referring to the \$11 million that they were not reporting to Manitoba Properties Inc.

Madam Speaker, then it goes on, and I want to read a few of these paragraphs. "Accountability is the cornerstone of all financial reporting in the government. Financial reporting plays an important role in fulfilling a government's duty to be publicly accountable in a democratic society. It is for this reason that we are concerned about any accounting policies or reporting practices that fragment operating results." And this fragmentation is stated in this book time and time again. Under almost every department, it states how this government is fragmenting the departments so as not to give the people in the province a true picture of what actually is transpiring within that department, Madam Speaker.

Then it goes on to state, Madam Speaker, that, "We estimate that the unrecorded liability now exceeds \$815 million. When combined with the unrecorded pension liability of the Manitoba Hydro-Electric Board . . . the Manitoba public sector exceeds \$1.1 billion. This is a very significant amount for a Province with Manitoba's population. We also estimate that \$92 million of pension

costs were not recorded as expenditure in the Public Accounts for the year ending March 31, 1987."

Then it goes on, "We believe that the continued exclusion of these liabilities" - the continued exclusion, because they're doing it constantly, Madam Speaker - "and costs from the government's summary financial statements is inappropriate." Those are strong words from an Auditor, Madam Speaker.

Then it goes on, ". . . the Department of Culture, Heritage and Recreation in a manner which does not comply with the legislation establishing the trust accounts under The Manitoba Lotteries Foundation Act." "The amounts of the operating expenditures not reflected in the Public Accounts as a departmental expenditure during 1987 was approximately the same as the \$1.2 million set out in our report last year." So it's this same duplication year after year after year, Madam Speaker.

Then it goes on, in this same paragraph, and I won't read all of it, but ". . . fragmentation of reported financial operating results in Public Accounts." And it goes on, one after another, "For the second year in a row, a significant number of departments incurred expenditures in excess of their spending authority. Twelve departments exceeded their spending authority by approximately \$4 million in 1987 (1986 - eleven departments . . ." - Madam Speaker, even an increase!

This government is trying to betray the people of the province, time and time and time again, Madam Speaker. They're doing that constantly. So here we get to the Community Economic Development Fund.-(Interjection)- Madam Speaker, you recognized me, so later on possibly you can have a response if you like. I'll gladly listen to you at that point in time.

"The Communities Economic Development Fund lends public funds, the need to demonstrate a high level of public accountability for these funds is greater than for private sector lending institutions. Investors and depositors provide resources voluntarily to lending institutions in the private sector."

Then it goes on to say, "While some improvements have recently been made, further improvements are necessary to bring the Fund's management functions and internal controls to an appropriate level. Improvements are required in the loan evaluating, monitoring, and documenting procedures and in the planning, organizing . . ." So it goes on and on in that respect.

I sent the Minister of Economic Development a letter asking him to break down for me the loans that had been issued and also the interest that was being paid and the accounts that were in arrears.

Do you know what I received from him, Madam Speaker? Last year from question period a Hansard, Madam Speaker. I think that was actually a disgrace. I'm surprised at the Minister in that regard. I had him in higher esteem, actually, than what he did stoop down to. Because, that Hansard, we all have that. That's not what we're after, Madam Speaker.

I believe our Leader, and also the Member for Morris, the critic of Finance, have cited inequities in this Budget, Madam Speaker. Time and time again, blatantly refusing to have proper documentation. When requested information, he sends me Hansard. Well, that is unacceptable. The 1987 Budget Address, I think that also proves again a betrayal, and I'd like to refer to that book again, just for a minute.

On page 32, "A new Cabinet Committee on Crown Reform will improve the fiscal management and accountability of Crown corporations and agencies," Madam Speaker. The Minister of these Crown corporations, the Member for Concordia, he wasn't even made aware that MPIC was firing their manager - one of the Crown corporations, Madam Speaker. But this is in the '87 Budget, Madam Speaker - (Interjection)- You just go on. Oh, he's looking at the bridge. I can get you a copy of that \$20 million bridge if you like, Scott. I can get you a copy of that.

Madam Speaker, I think this is again a blatant revelation of how this government is betraying the people in the Province of Manitoba. They will not be able to get away with it once again, Madam Speaker. It's just a matter of time. At the present time you still have the Member for St. Vital who is running the show but how long? Who knows? He'll not accept it all along either, Madam Speaker.

So then in order to muzzle the President of MPIC, he gets \$98,000 a year, Madam Speaker, \$98,000.00! Then we have the Attorney-General, the Minister of Finance from 1981. I'd like to question him and have him put on the record, how much money of the Province in Manitoba went into a deficit position while he was the Minister of Finance, Madam Speaker? He's raising some very important issues in regard to free trade. I think they are important issues that should be raised. But, Madam Speaker, you have to weigh the total free trade picture, not just take out a few clauses and then use them. I'd like him to personally show how the Province of Manitoba can get out of that \$6 billion deficit we incurred through his Finance ministry, Madam Speaker.

Now, Madam Speaker, he's politicizing the Law Reform Commission. I think this government has spoken to the people once more. The Premier has mentioned numerous times the future, Madam Speaker, of this country. This Premier, he has the vision of Canada for our young people. Does he not realize that the \$12 billion deficit I pointed out before that he is putting that on our children's children's children, Madam Speaker? We are on the Titanic and there is no captain on board.

Madam Speaker, like my colleague indicated, let's stop dreaming. Let's face reality. Let's get a three- or four- or five-year priority program for the Province of Manitoba. You're demanding it, this government is demanding it from the municipalities. What's wrong with this government doing the same, Madam Speaker? Projections, your expenditures, Madam Speaker. The feds will run their ship; you're not responsible for the feds. You're responsible for Manitoba. You were elected here in Manitoba, so stick to Manitoba.

Madam Speaker, it's always a relaxing drive each morning when I drive into the city to the Legislature and go home in the evening. When this Autopac issue was really a priority to everybody, I was listening to CHSM and I heard Mr. Jim McSweeney on CHSM state that everybody was phoning in about these Autopac bills and how high they were. So he stated, Madam Speaker, and I would like to make the remarks that he made. He said now we've got our Autopac bills and we haven't even been able to digest that, Madam Speaker, now they're talking of telephone rates increases; can't get over one shock before they hit us

with another one. Then comes income tax, Madam Speaker. Oh, well, he says, years ago I paid no taxes because I had no income. Today I have no income because I pay taxes, Madam Speaker. I think that's a reality in most cases.

Madam Speaker, this province needs a government that will help build dreams not create nightmares. A government with a clear vision not a blurred illusion, Madam Speaker. This is a have-not province and if this government wants to pride itself on its term in office over these years, Madam Speaker, it's a disaster. It's nothing that I would want to be proud of, Madam Speaker, a have-not province for 19 years. Why? Because we must, because it's the mismanagement of this government.

Madam Speaker, I've got a little bit of constructive criticism that I'd like to put on the record at this time. We see this government, and I wouldn't want to do this to them when they would be in opposition, which will hopefully not be too long, but when this Budget Address is released, why are we not all given a copy in this House? Madam Speaker, why not? I think that's a downright disgrace, just like the Member for Brandon East wants to make a ministerial statement. He tables it and he doesn't have the guts to get up and allow a response to it, Madam Speaker. Oh, "guts" is unparliamentary, I will withdraw, Madam Speaker.

A MEMBER: Intestinal fortitude.

MR. H. PANKRATZ: Yes, that's right. But actually I meant the first word that I used basically.

Madam Speaker, there are things that should be changed in this government. We see time and time again that it's always a cover-up for the people in the Province of Manitoba, trying to give us an illusion as if we are doing well in this province, when we have a \$12 billion deficit. You know what the interest is on that, Santos? Do you have an idea? No, I agree with you.

Madam Speaker, in closing, I do support my leader and the amendments to the Budget. I do wish that members opposite would realize, would study the Budget, not just go along with one or two people on their side that call the shot, and study it, actually what it does to the Province of Manitoba, and not only give lip service, like the Member for St. Vital indicated what all needed to be done, and then naturally later on voted with the government. That's just lip service, Madam Speaker, that's just trying to grandstand on it for his own gain. He's been sitting here as long as I can remember, and basically, got no coverage. Now he's got the coverage, what does he want next, Madam Speaker? As far I'm concerned that's a betrayal to him, a betrayal to us, a betrayal to the position he's holding in this government, Madam Speaker. If that's how he feels, he should work to help defeat this government, Madam Speaker, so that we could get an administration in there that would show some concern for the people in the Province of Manitoba.

So with that, I want to thank you, Madam Speaker.

MADAM SPEAKER: The Honourable Member for Burrows.

MR. C. SANTOS: Thank you, Madam Speaker.

I'm privileged to participate in this Budget Debate. I intend to discuss the basic budgetary question and the process of evaluating values which is a difficult thing to do. Then I will go to a discussion of the 1988-89 Budget and show why the provincial Budget is a defensible, reasonable, reasonably good Budget of our Provincial Government.

Madam Speaker, a budget is a plan to spend money for some purposes of competing claims as to how the money should be spent. It is a plan which can be used for three purposes. It can be used for the purpose of control of the spending; it can be used for the purpose of securing efficient expenditure of funds; and it can also be used as a guideline for policy planning of government.

For the purpose of control, it means that the budget should be used as the standard by which to judge whether or not the administrators are spending the public money according to the intention of the appropriating authority. It has some relevance to the accountability of expending departments and agencies of the government, and this is typically exemplified in the traditional line-item budget, by which the money has to be spent according to the line and the item in the budget.

The second purpose of securing efficiency is primarily a management function. It aims to make sure that the money that is being spent is being used per unit of performance. Therefore, there have been some developments in the trend in budgetary administration about the so-called performance budget. They set the standard, and then they measure the performance according to the standards set in the budget.

The third purpose of the budget is for the purpose of serving as guidelines to policy planning. Every package of activities of government is intended to pursue certain objectives, certain lines of policy, and it is in the budget that the government is actually outlining what it intends to do for the province. In other words, what the government ought to do is usually exemplified in the program of activities contained in the budget.

But there is a basic underlying question in all of this, and this is the \$64 question that is difficult to answer. On what basis shall we allocate a given amount of money, in order that it may be spent for program activity (a) instead of program activity (b)? On what basis are we going to spend "X" amount of dollars to carry out program activity (a) instead of program activity (b)? That is a very difficult question to answer.

The question was asked some time ago, even in 1940, by one named V.O. Key, in an article published in the *American Political Science Review* of December, 1940. It was not answered until 12 years later, and the answer was that the basic question is to be answered by looking into the relative values of the two sets of activities. There are two sides to evaluating the value of those alternative sets of program activities.

One side of the question is to look into the relative merit of the result to be achieved by doing activity (a) instead of activity (b), and this can be better understood with the help of the economic doctrine known as marginal utility. If activity (a) would lead to more valuable results than activity (b), then the amount of money that is allocated must be allocated to doing activity (a).

The Professor of Economics named Pigou one time expanded on this doctrine of marginal utility, and I quote

in part: "Resources should be distributed among different uses so that the marginal return of satisfaction is the same for all of them. Expenditures should be distributed between battleships and poor relief in such ways that the last shilling devoted to each of them yields the same real return."

The other side of the same question is to look into the costs, the cost of activity (a) compared to the cost of activity, (b) this can be better understood in terms of another concept in economics known as the opportunity or displacement cost. It simply says that the cost of anything of value is simply the value of the other thing which has to be given up in order to achieve this one that we like.

For example, if I am stranded on an island and the night is coming soon and it's getting to be dark, and there is very limited time for me to either make a shelter for myself for the night or to go out in the woods and pick up some fruit so that I can satisfy my hunger before it gets dark, it depends on which one I shall decide to do. If I should choose to build that shelter for myself for the night, the value of that shelter is simply the value of the fruit that I would either find or not find, had I used the same time before it gets dark to find the fruit to satisfy my hunger.

If I'm a middle-aged person and I'm nearing retirement and I'd like to go back to college and study again and get a degree or, alternatively, continue with the job and earn some money, then should I decide that I go back to school and spend my savings and do a degree, the four years that I spend in school again is the same four years that I have to forego the income that I would have earned had I continued in my job. The cost of the degree is the cost of the job that I have to give up, as far as I'm concerned.

Therefore, in choosing whether to undertake activity (a) or activity, (b) the budgetary choice of whether the same amount of scarce resources of dollars and money should be spent for activity (a) instead of activity, (b) is to be made on the basis of the relative value of the two alternative sets of activities. These values must be judged relative to the costs of it relative to the results to be achieved, and the results must be worth its cost in terms of the other alternatives that you have to forego.

Now, how do we compare the value of one set of program activities with an alternative or other set of program activities? There are at least two methods. One method is the comparison of relative value by means of what they call fundamental analysis. This is better understood under the doctrine of diminishing marginal utility. The doctrine simply says that, as we acquire more and more units of anything of value, there will come a point by which any acquisition of additional units will have less and less value for us.

What does it mean? If I have a car, naturally, I need four sets of tires because I have not seen a car without four tires. Maybe there will be some car in England with three wheels, but the fourth tire is very useful to me because I could not even run my car without the fourth tire. The fifth tire is less useful than the fourth tire. It is marginal, because I can use it in case I have some trouble with one of the four. But give me a sixth tire and I'd probably say, no, thank you, because it will simply clutter my trunk, and the space there I will need and I will not need the sixth tire. So the sixth tire is less important to me than the fifth. The fourth is more important to me because it is needed.

If I am travelling, for example, and I have some places to go in a different time zone - normally a person carries only one watch on his left arm - I would prefer probably to carry an extra watch on my right arm, because I don't want to change my watch all the time, every time I come to a different city, and then lose track of the time. The extra one I can change in any city where I have been without changing the other one, but give me a third watch and I'll probably say, no, thank you. Where will I put it? It will really clutter up my arms, and the immigration official will even say, what are you doing? Why do you have too many watches? The watch will be less important to me, because of the fact that I have reached the point of marginal utility. But the first one is really important. Without it, you go without any guide, without any notion at all what time it is where you have been, and what time it is where you came from.

The point is that, in comparing marginal utilities, we compare the alternative function by incremental units and not by the total number of units of value and, secondly, we need to compare only at the marginal point of balance among all these various different purposes, in such a way that the last dollar we spend for its alternative use will yield the same amount of real return.

There is another matter of comparison of the value of two different sets of activity, and it's the method of relative effectiveness of different means to carry out the same objective. This means that the alternative means can be evaluated in terms of their being means to higher ends, and those higher ends in turn are compared in terms of still higher ends.

For example, if a country wants to spend some money to manufacture some guns, they do so, not for the sake of manufacturing guns but because they intend to win a war. They intend to win a war, not because they want to win a war, but because they want to secure the ends of their national security as a country. In other words, some ends are simply means to other higher ends. There is a hierarchy of ends, each of the lower ends being a means to higher ends.

In the same manner, it is also possible that the same country, instead of spending money for manufacturing guns which could kill people, may want to spend that money by sending that money in the form of foreign aid to other countries. In so doing, this country will gain some allies and friends in the international family of nations. When it has gained so many allies and friends, it will also effectively secure its national security, even without the notion of going into war.

So each of these sets of activity will be complementary. They will be evaluated, which one is the better one to spend, to manufacture guns or to give foreign aid to allies. They obviously, if it is a peace-loving country, will give the money in the foreign aid and thus secure allies, and thus secure its national security among friends and allies.

It is, therefore, very difficult for any kind of government to make this kind of decision as to which set of activity it will pursue to spend its money. Unless this is done in a rational way, in a rational manner, it is very controversial all the time where you put your money.

The question is, not because an activity is desirable from the point of view of the one who is going to do

the spending, because everyone who has an interest in any kind of activity on which the money is to be spent will say, well, of course, it is desirable and therefore I'll spend my money on it. But the genius of our political process is that in the choice of which set of activity to spend the money on, we have a political process of accommodating all these competing claims of various groups which are interested in certain lines of activities. It is in the political process that the issue is settled in the presence of negotiating, accommodating and reconciling all this conflicting interest. The final outcome is the Budget document which is a balancing of competing claims and competing interests of all the various interested groups.

All these various interest groups, on the other hand, have allies in the various bureaucratic agencies, departments, commissions of government. The Department of Labour, for example, is an agency that is more or less looking after its own clientele, the workers and the labourers. The Department of Consumer and Corporate Affairs is another department of the government that is looking after the interests of the consuming public. And these vested interest groups of private citizens, which have an interest in any kind of public program spending, will of course be working in coordination with the agency in order to secure the highest possible maximum allocation for its own program.

In so doing, there are games that are being played by these bureaucratic agencies and departments of governments. For example, a department will consciously overstate its program requirement costs anticipating that there will be a budget cut. So despite the fact that the budget cut is forthcoming and it will be done, they will make sure that they have overestimated enough so that the program will not be crippled after the budget cut and they can still go on with the program as originally designed.

Another strategy of agencies is to underestimate the costs of the program that they are proposing, but to make sure that it is initially financed right away, because when it is already an ongoing program with a little investment of money in it, then the budgetary agency will have second thoughts as to whether to cut it out or not, because if they cut it out they will be making an investment that is no longer useful. So they will tend to ask for a supplementary budget in order to carry out the program so that the initial investment, the sum costs there will not be wasted, and that is another strategy.

A third strategy is, of course, for the administrative agency or department of government to secure the critical support of its clientele group before even the budget review is undertaken, so as to render it practically impossible or most difficult for the budget authority to cut the program without alienating political support from this critical group of supporters.

In all these cases, we can see that the budgetary process is simply an allocation of competing claims, competing demands, on limited amounts of scarce resources. It is primarily a political process which is settled by the genius of our political system. Now, looking into the 1988-89 provincial Budget, can it be defended as a reasonably good Budget? The position I take, Madam Speaker, is that it is a defensibly, reasonably good Budget for the following reasons: One,

the provincial Budget had considered and pragmatically recognized the mixed nature of our economy. There is no more such thing as an entirely laissez-faire free-enterprise economy. It's a thing of the past. The modern post-industrial society has economies that are of a mixed nature, public and private sectors. In our mixed economy, the economy of this province has shown a real growth in domestic product that is the third highest among the provinces all over Canada for the past five years.

A new development that you can read in Time or Newsweek Magazine is that the stainless steel industry in the world, the demand for stainless steel and including demand for nickel, is gradually picking up, favourable to the nickel industry in Thompson, Manitoba. This will strengthen our economy further more.

The Manitoba economy has remained well diversified in all its aspects. We have our resource sector, our manufacturing sector, our commercial services sector, transportation, real estate, personal services.

A second reason why this Budget is a reasonably defensibly good Budget is that it relevantly answers our long-term societal objectives. What are some of these objectives of our Province of Manitoba? Of course, I've already mentioned one.

First, economic growth—(Interjection)—The Member for Morris asks, how will you accomplish economic growth. Of course, you can accomplish it by trying to increase productivity. In turn, how do you increase productivity? By better allocation of the factors of production, by better smooth labour-management relations in this province. As a matter of record, this province has a very good record of labour-management relations. The time that is lost due to strikes and lockouts in this province is the second lowest in all of Canada.

We can also increase productivity in order that we may have a more efficient development of the productive aspects of our resources such as in the hydro-electric area, in mining and in forestry. The rate of investments in Manitoba has been the second highest across Canada.

This Budget satisfies another objective. It is the objective of being responsive to the collective needs in all various social services areas. For example, in the health care delivery system . . .

A MEMBER: Have you filed your income tax?

MR. C. SANTOS: I have prepared it, but I have not yet filed it up. I have no money. I have to pay taxes.

In the area of health care delivery, the province proposes to spend \$111 million. Included in this program is the establishment of a Health Services Development Trust Fund. That fund is intended to help in the conversion of the health delivery system with its emphasis on curing diseases to another emphasis of preventing diseases. The trust fund is \$50 million, and there will be an initial \$10 million in the first year of its initiation.

There will also be some provision for out-of-province transportation costs that will be picked up by the province without cost to the patient, in case they need any kind of medical procedure or testing that is to be done outside of this province. The Community Health

Centre will be developed as a viable alternative to the institutionalized health care in our provincial hospitals.

The provincial Budget also intends to spend some \$36 million supporting education in the public school systems, in the university operating budgets and in the Adult and Continuing Education areas of public education.

Finally, this Budget proposes to spend \$13 million in social services and in Economic Security, thus being able to continue such programs of the government such as the social allowance programs, the 55-Plus Income Supplement Program and the Child-Related Income Support Program.

The third societal needs that are being satisfied by this provincial Budget is the equitable distribution of income in this province. As on supplementary assistance to the objective of equitably distributing income, there will be no increases in the personal income tax. There will be no increases in the sales tax, and there will be no increases in the small business tax. No matter what you do to the businesspeople anyway, they do not appreciate it. There will be no tax increase in the small business taxes.

In 1987, the economy of Manitoba has created approximately 9,000 new jobs in the service industry. These 9,000 new jobs are to be added to the accumulated total of some 36,000 jobs which have been created in this province since 1981.

Another important development forthcoming is the unification of our two-tier social assistance system into a single system of social assistance that will be uniform across the province. This will be supplemented by an adequate training program so as to make the recipient of social services employable again after proper training and retraining. There will be permission granted to them to retain a portion of their training allowances as an incentive to making themselves prepare for serious responsibilities as workers.

As I have stated, the process of budgeting is a process of balancing competing claims to a limited amount of resources. It is also a process of balancing the need for taxes with the need for borrowing.

Nowadays, whether you are an entity, a corporation or an individual, it is difficult to exist without going into debt. No one individual that I know of is without any debt today, but there is this rule in life that I try to follow. You cannot spend more than you earn but so many people today, because of this development called the credit cards, they spend more than they earn. So they get into debt, and so they get into trouble and into a lot of problems.

But the government is like a young individual. If you are a young married person and you want to have a house of your own, you've got to buy a house and, to buy a house, you've got to get a mortgage debt. To get a mortgage debt, you've got to pay interest, if you want the house right away. And so it is an investment as well, as long as it is a house that is useful in the long run. So as you pay your mortgage debts on the house, if you are a young married couple, you increase your equity in the house instead of just paying rent.

Therefore, except going into debt, we cannot enjoy those things that we want to enjoy in life. Some people would like to travel now and pay later. They travel and they pay later.

So a budget is a process of balancing all competing claims to limited amounts of resources: the claims of

employees as against the claims of employers; the claims of producers as against the claims of consumers; the claims of present needs as against the claims of future wants of people or segments of people in our society. All of these have to be taken care of. Every one has to be properly balanced. The right decision has to be made, and that is the process of budgeting.

Even in the so-called Manitoba Public Insurance System - and I have something to say about this - we have traditionally adopted a model of personal liability that is based on the common-law system of tort as distinguished from the more modern developing system in other advanced countries, otherwise known as the no-fault system of personal liability. Now, both these systems of personal liability seek to compensate the person who suffers some kind of injury or damage, but the two systems differ basically on the basis of compensation. In the traditional fault-based tort law system of personal liability, the compensation is granted on the idea of fault or negligence on the part of the wrongdoer, whereas in the new system of complete no-fault system, the compensation is based on the observable fact of the injury of the victim with no investigation as to who is at fault.

Now when we talk about the tort law system or fault-day system, we use the word tort. What does that word mean? Tort is a legal terminology which is derived from a latin term, *tortus*, which means twisted up or wrongful conduct which is non-contractual in nature. If the conduct which is wrongful is contractual and arises out of agreement, it will not be called tort. It will be called a breach of contract.

But because there is no such agreement, there is no such contractual relation between the parties, the misconduct which causes damage to another is known as tort or wrongful act. What is the moral and philosophical basis of the tort law system of personal liability that justifies the payment of compensation to the person who is injured? Lord Atkin started by citing the eternal golden rule, that you should love your neighbour as you love yourself. He translated this moral duty of loving your neighbour into a legal duty when he said, and I quote: "The rule that you are to love your neighbour becomes a law that you must not injure your neighbour."

So what happens when a person injures another? When a person injures another, it is simply elementary justice, and it is adapted as a principle of tort action that the person who has, by his fault, injured his neighbour should make reparation for such injury.

Fault means the negligent act that is actionable in law. It is suable in court. It is actionable in law and can be sued upon in court only if the person who is injured is able to prove three things: that there is a duty not to injure him, which is the legal duty to take care, owed by a person to his neighbour; (2) that there is a violation of the duty of care; and (3) that the resulting injury or damage to the victim is one that is traceable from the violation of breach of that legal duty of care. In brief, the law of tort simply said if there is no fault, there is no liability.

In contrast, under the new system of no-fault system of personal liability, once a person proves that he suffers an injury, such person is automatically and administratively entitled to be compensated for it to the extent that he can prove his injury without

determining whether anybody, himself or the other person, is at fault or not.

The fact that the person is injured, is it self-sufficient justification for such a person to become compensated for injury? Since there is no need to argue in court as to who is at fault, then the money that is available for compensating this person goes to the victim of injury rather than going to the member of the legal profession who will argue for years and years who is at fault.

So in practical application, the no-fault system of personal liability, which in Manitoba converts our system into a litigation prone kind of system, some of this pool of money that the ratepayers pay to compensate victims of motor vehicle accidents, in fact, more likely than that, will not pay all the victims of accidents.

This is the same thing with the Workers Compensation system, because you have to again litigate the issue of whether it happens in the workplace or not, whether it happens in the course of employment or not, and all these nice little issues without asking the basic simple question, is the worker injured? If he is injured, then he is to be compensated for his injury.

Since there will be no need to expensively litigate the accident, whether the accident happened on the road or in the workplace, in both cases it would be a more efficient distribution of the pool of insurance money and it will go direct to the victim who needs the money. There is no need for litigation, because only in litigation that the money is diverted for the purpose for which it is intended. It goes as legal fees of expert witnesses; it goes as fees for the lawyer; it goes as fees to the courts and all other kinds of expenses of administering the system.

So that in both cases of motor vehicle accidents and in cases of accidents in the workplace, if we really convert our system in the true no-fault system and exclude this litigation with results in millions and millions of damage awards that are based on intangibles, such as pain and suffering and other things that you can hardly prove, then the money will relevantly go to those who need it most, namely, the victims of accidents. The only question to ask is the victim injured? If he is, then he's entitled to be compensated for his injury in terms of his medical and hospital costs, in terms of his lost income that he can no longer earn because he's injured, in terms of other provable and easily proved items of expenditures.

Since the right to be compensated is based on the fact of his being injured, not on the fact of his being at fault, there is no more basis for any litigation or suit in court. That will ultimately disappear and the pool of insurance money and contributions would remain intact and would become available to victims of accident whether this accident happens on the road, in motor vehicles, or in the workplace in terms of industrial accidents. In some, the true no-fault system is the wave of the future. The fault-base system is no longer defensible in our post-industrial society. It is inefficient in its allocation of the insurance pool of money and it is unfair to the victim because the victim doesn't get the compensation to which he is entitled to.

Madam Speaker, I would like to conclude that the provincial Budget is a good and reasonably defensible Budget because it pragmatically recognizes the modern society as a system of mixed economy of the public and private sector because this Budget relevantly

responds to the long-term societal objectives of our society in terms of economic growth, our health needs, our educational needs and the equitable distribution of income, and because it effectively balances . . .

MADAM SPEAKER: Order please.
The Honourable Member for Roblin-Russell.

MR. L. DERKACH: Madam Speaker, I believe it is six o'clock.

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

MR. A. DRIEDGER: Madam Speaker, my understanding is that the member has been recognized and it's six o'clock.

MADAM SPEAKER: That's right.

MR. A. DRIEDGER: Thank you.

MADAM SPEAKER: Okay. The hour being six o'clock then, the House is now adjourned and stands adjourned until 10:00 a.m. tomorrow. (Friday)