

TIME: 2:30 p.m.

OPENING PRAYER by Mr. Speaker.

MR. SPEAKER, Honourable Peter Fox (Kildonan): Before we proceed I should like to direct the attention of the honourable members to the gallery where we have 30 students, Grade Five Standing, of the St. John Brebeuf School. These students are under the direction of Miss Maxwell. This school is located in the constituency of the Honourable Member for River Heights.

On behalf of all the honourable members we welcome you here this afternoon.

We also have a distinguished guest in my gallery, the President of the Senate of Trinidad and Tobago, Dr. Wahed Ali.

On behalf of the honourable members we welcome you here as well.

PRESENTING PETITIONS

MR. SPEAKER: The Honourable Member for Radisson.

MR. HARRY SHAFRANSKY: Mr. Speaker, I beg to present the Petition of The Society of Industrial Accountants of Manitoba praying for the passing of An Act to amend An Act to Incorporate The Society of Industrial Accountants of Manitoba.

MR. SPEAKER: Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Ministerial Statements and Tabling of Reports.

RETURN TO ORDER NOS. 30, 31

MR. SPEAKER: The Honourable Minister for Health.

HONOURABLE LAURENT L. DESJARDINS (St. Boniface): Mr. Speaker, I'd like to table the Return to An Order of the House, No. 30, as well as No. 31, in reply to the Honourable Member from Wolseley.

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

ORAL QUESTIONS

MR. SPEAKER: The Honourable Member for River Heights.

MR. SIDNEY SPIVAK: Mr. Speaker, my question is to the First Minister. I wonder if he can confirm the statements that appear to have been made outside the House that the government will not end rent control for approximately a year.

MR. SPEAKER: The Honourable First Minister.

HONOURABLE EDWARD SCHREYER, Premier (Rossmere): Mr. Speaker, as I indicated to a question from the other side several weeks ago, we are not proceeding with plans to co-terminate the anti-inflation controls that we are involved with, with rent control, at the same time. The precise timing with respect to additional stage or phase of rent control remains yet to be determined but it is not necessarily to equate with the anti-inflation program generally.

MR. SPIVAK: I wonder if the First Minister or the government does not feel that there is a contradiction in that position.

MR. SCHREYER: Well, Mr. Speaker, we are aware that arguments can be made on both sides of that question. However, I believe approximately ten days from today, there will be a meeting of a federal-provincial nature in Ottawa with respect to the future of anti-inflation controls and at the same time we are attempting to ascertain the intentions of other provinces with respect to rent control. We do not intend to take steps here that are out of the national context.

MR. SPIVAK: Mr. Speaker, I have a question for the Minister of Finance. This morning, or at noon, the Minister of Industry and Commerce released notes of a speech given to the Enterprise Development Seminar Luncheon. At the conclusion of the speech he says . . .

MR. SPEAKER: Question' please.

MR. SPIVAK: This is the question, Mr. Speaker — that the Minister of Finance will be introducing a supplementary Budget that will be announced in a week. I wonder if the Minister of Finance can confirm that.

MR. SPEAKER: The Honourable Minister of Finance.

HONOURABLE SAUL A. MILLER (Seven Oaks): Mr. Speaker, I haven't seen the speech referred to; I haven't heard of it. Perhaps there is a play on words or the use of semantics almost. As I indicated in the speech, in about ten days, there would be the employment thrust of this government and maybe that's what the Minister of Industry and Commerce is referring to.

MR. SPEAKER: The Honourable Member for River Heights. Last question.

MR. SPIVAK: Mr. Speaker, I wonder then if the Minister of Finance can indicate whether the Minister of Industry and Commerce is aware of what proposals the government will be bringing in in ten days?

MR. MILLER: Mr. Speaker, I'm sure the Minister of Industry and Commerce is quite aware of everything that he has to be aware of. As I indicated, it could be the choice of words that perhaps is confusing the Member for River Heights. What I'm sure he meant was that, as I indicated in the Budget Address, there would be the details and the supplementary requirements for the employment thrust that is being planned by the Provincial Government.

MR. SPEAKER: The Honourable Member for Birtle-Russell.

MR. HARRY E. GRAHAM: Thank you, Mr. Speaker, I have a question for the Honourable Attorney-General. I would like to ask the Attorney-General when an inquest will be called into the tragic deaths in the Portage fire?

MR. SPEAKER: The Honourable Attorney-General.

HONOURABLE HOWARD PAWLEY (Selkirk): Mr. Speaker, an inquest will be held under the Fatality Inquiries Act. The date of the inquest and arrangements therefor I don't believe have been made yet. As soon as they have, of course, it will be indicated.

MR. GRAHAM: Does the Attorney-General not concur that there is a degree of urgency with respect to this particular inquest?

MR. PAWLEY: Mr. Speaker, I didn't think that my earlier response had indicated any reference to urgency. We all know that there is a matter of extreme concern involving the tragic deaths. I think that goes without saying. There will be an inquest under the Fatality Inquiries Act and the announcement will be imminent as to the exact date of same.

MR. GRAHAM: Supplementary. Will this be an open inquest, open to the public, so that all aspects will be heard with respect to the various segments of society that may be able to have an input into this?

MR. PAWLEY: Mr. Speaker, the inquest will be held under the Fatality Inquiries Act. It will be held according to the parameters that are allowed for under the Act itself. The Fatality Inquiries Act provides for open and public inquiry and all material witnesses, of course, will be subpoenaed or required to provide evidence to the inquiry and it will be open and public.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. ARNOLD BROWN: Thank you, Mr. Speaker. My question is to the Minister of Health and Social Development. Can the Minister tell this House when we will receive a full report on the fire at the Home for Retardates at Portage?

MR. SPEAKER: The Honourable Minister for Health.

MR. DESJARDINS: As soon as I get it, Mr. Speaker, as far as my part of it. I think that the Attorney-General was answering that question.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. STEVE PATRICK: Mr. Speaker, my question is to the Minister of Labour responsible for the Fire Commissioner's Office. He's not in, perhaps I can direct my question to the Acting Minister. Can the Minister indicate to the House if he will be taking any action in respect to what happened at the school at Portage where there were no smoke detectors? Will the Minister be requesting or requiring all other institutions to install smoke detectors?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I can take that question as notice. I think it's best in the absence of my colleague. I would simply ask my honourable friend, the Member for Assiniboia, to take note of the fact that there have been very significant changes in the building code and in the fire regulations which are much more onerous than in the past and it's a case of really wondering whether all of these contingencies can be forestalled by yet more onerous regulations. However, in the context of such specific things as the adequacy of numbers of smoke detectors and heat detectors, I would think that there is room there for further improvements.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: A supplementary, Mr. Speaker. In view that the National Building Code does not require the smoke detectors, either to the First Minister or the Minister of Health and Social Development, in view of the fact that our public school system in Winnipeg has one of the finest records in respect to fires because of smoke detectors, will the Minister and the government give consideration to a request which would require the other institutions to have smoke detectors which are not presently required by the building code?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Well, as I say, Mr. Speaker, I will take this and have it checked specifically, but my honourable friend should acknowledge the fact that in the context of certain kinds of buildings where there is 24-hour, round-the-clock supervision and staffing, then it seems to me there is a difference in degree of need for such mechanical devices. Be that as it may, I would invite my honourable friend! I assume he is interested in details here — to obtain copies of changes in the fire safety and building code regulations to see the extent to which changes have been made requiring ever better and more expensive building materials and standards.

MR. PATRICK: Mr. Speaker, on the same subject, I have one question for the Minister of Health

and Social Development. Would he at least investigate all the other institutions in the area where people are immobile and in wheelchairs, and make certain that some action is taken with respect to smoke and fire detectors?

MR. SPEAKER: The Honourable Minister for Health.

MR. DESJARDINS: Well, Mr. Speaker, I am certainly not in a position to make a commitment at this time as far as checking. This is done continually and we will continue to do so. If there is a change in policy, fine. This is always being considered and I have no hesitation in saying that this will be looked at again.

MR. SPEAKER: The Honourable Member for Radisson.

MR. SHAFRANKSY: Yes, Mr. Speaker. A question to the First Minister in his capacity as Minister reporting for Manitoba Hydro. Could he advise if Mr. Bateman has received an apology from the Leader of the Official Opposition on his questioning the integrity of the Manitoba Hydro Board?—(Interjection)—

MR. SPEAKER: Orders of the Day.

MR. SHAFRANKSY: Mr. Speaker, I find the answers of the Opposition

MR. SPEAKER: Order please. Question please.

MR. SHAFRANKSY: Yes, Mr. Speaker. I have a question for the First Minister. Could he advise if Mr. Bateman has received an apology from the Leader of the Official Opposition on his

MR. SPEAKER: Order please. The question is repetitive.—(Interjection)— Order please. Order please. The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I can only advise the Honourable Member for Radisson to peruse the transcripts of the hearing of the Committee and to form his own conclusions, and to peruse the speeches made by Mr. Bateman to the Canadian Institute of Engineering, etc., and form his own conclusions.

MR. SHAFRANSKY: Mr. Speaker, in view of the recent letter in the Winnipeg Tribune, April 22nd, I have a question to the First Minister. Is it true that Mr. Spafford, who now says that he did not back off in his advice to the Tories about Hydro development, also told Mr. Parley, "I did not know enough about the obstacles referred to by Mr. Goodwin to say whether they rendered the 1970 development plan impractical or not."

MR. SCHREYER: Mr. Speaker, I would suggest to the honourable member that I am not in a position to comment further on Mr. Spafford and what he may or may not have said. Mr. Spafford should feel completely free to make his comments to the Association of Professional Engineers if he wishes. It would be fine with me.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. HARRY J. ENNS: Mr. Speaker, I direct a question to the Honourable the House Leader. Could he inform the House as to who the chairman of the Public Utilities Committee is?

MR. SPEAKER: The Honourable Minister for Mines.

HONOURABLE SIDNEY GREEN (Inkster): Mr. Speaker, I believe the member who is the chairman was elected by a majority of the members of the committee.

MR. ENNS: Mr. Speaker, I appreciate that that is the procedure how we elect the chairman. Could he now indicate who that person is that we elected to that position? It escapes my memory for the moment.

MR. GREEN: Mr. Speaker, I don't know if the question period is intended to make up for faulty memories of members. The material is on the record.

MR. SPEAKER: The Honourable Member for Portage La Prairie.

MR. GORDON E. JOHNSTON: Mr. Speaker, I direct my question to the Honourable the Minister responsible for provincial jails. Does the government intend to or have plans to construct a new provincial jail?

MR. SPEAKER: The Honourable Minister for Corrections.

HONOURABLE J.R.(Bud) BOYCE (Winnipeg Centre): The plans for the new institution in Brandon are proceeding. The plans for the construction of the new facility at Brandon are proceeding on schedule.

MR. G. JOHNSTON: A question to the same Minister, Mr. Speaker. Can the Minister inform us when the construction date start is?

MR. BOYCE: For the one in Brandon? Well as you recall, Mr. Speaker, we had actually gone to tender for the construction of the new facility in Brandon. Because of the realignment of priorities and the possibility of getting cost sharing with the Federal Government on several programs, we didn't accept any of the tenders at that time so the modified plan which is being contemplated at the moment, I'm advised that it should be ready to go to tender in the next week or so. So the construction date will be predicated on the closing date for tender and other things.

MR. G. JOHNSTON: Another question on the same subject, Mr. Speaker. Are there any other communities being considered as sites for provincial jails or correctional institutions?

MR. BOYCE: There is a plan being proceeded with for The Pas, because the trailers which are

being used at the present time were for an interim period of hopefully three years, but the combined Courthouse/Correctional Institution for The Pas is proceeding. There is a possibility that we will be in a position to reconstruct the new women's institution in Portage La Prairie itself during the next five years on a joint project with the Federal Government.

MR. SPEAKER: The Honourable Minister for Mines and Environmental Development.

MR. GREEN: Mr. Speaker, I have some answers to questions that I promised honourable members. The Member for Lakeside asked about fish, and whether there would be compensation for fishermen as a result of some fish killed in the Saskatchewan River. I'm advised that the problems reported by the fishermen are considered by our departmental people to be a natural occurrence not connected with effluent discharge from Manitoba Forestry Resources. This is the advice that I'm getting and that there is no intention to have a compensation program for what is a normal occurrence. Of course, citizens of Manitoba of every category are entitled to be dealt with if there are disaster situations, but this was apparently considered to be a natural occurrence.

With regard to the Member for Brandon East — West, excuse me, West, (I should know that the further west you go you get more reactionaries) asked me about the Shellmouth Reservoir. In anticipation of the dry conditions now prevailing, the Water Resources Division reduced outflow from Shellmouth Dam to 200 cubic feet per second in January 1977 as a conservation measure. Further reductions were made in February and March to 100 cubic feet per second and 25 cubic feet respectively. Currently Shellmouth outflows are being maintained at 25 cubic feet per second until such time as local runoff conditions necessitate additional releases to satisfy downstream requirements. Throughout the coming months, the situation will be continuously monitored in light of varying conditions of local runoff and downstream demands. Shellmouth Dam will be operated on a day to day basis if necessary, to insure that minimum requirements are met under conditions prevailing at the time. If subnormal precipitation conditions continue, the minimum requirements of downstream users will be satisfied provided that future drought conditions are no more severe than those which occurred in the drought of the 1930s.

The Member for Morris asked me about mercury in the Red River, and what tests had been taken. I'm advised that our latest tests were in 1973, however, there have been analysis conducted by Freshwater Institute of Environmental Canada as late as 1976. Three samples were analyzed, and these analysis were reported as equal to or less than .5 parts per million, the level considered safe for continued human consumption. The routine water sampling program does not reveal mercury contamination beyond recognized acceptable levels. So the last fish one was in 1976. I would think that as a result of recent publicity, there are perhaps some steps being taken to have additional samples this year, and I will follow that through.

With regard to the Member for St. James, he asked me whether our department has initiated any orders requesting diking to be constructed. Municipalities have been advised a temporary licence will be issued for the construction of blocks and drains to conserve runoff. However, due to very light runoff no blocks have been requested to date.

At the provincial dams measures have been taken to conserve the flow-out of the dams by closing off the low flow conduits through the dams, as well as placing flash boards or sand bags to conserve water in reservoirs.

I have, for the attention of honourable members, a copy of a communication which I received from Ottawa, which gives a verbatim quote of the note which was sent to them by the United States Department of External Affairs in connection with the Garrison Diversion program and Mr. Carter's announcement.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MR. LLOYD AXWORTHY: Mr. Speaker, I have a question for the Minister of Urban Affairs. In light of the statement made by the Mayor of the City of Winnipeg that the province was planning a major infringement on democracy in its proposals, can the Minister determine whether he has yet ascertained what the Mayor suggests those infringements will be and does he intend to ascertain what they will be?

MR. SPEAKER: The Honourable Minister of Finance.

MR. MILLER: Mr. Speaker, I cannot imagine what it is. I am not privy to what the Mayor has in mind. I am curious though and I am curious enough to try to ascertain what it might be, once I can get in touch with the Mayor.

MR. AXWORTHY: A supplementary, Mr. Speaker. Can the Minister indicate whether, in the development of the proposed changes to The City of Winnipeg Act, whether the Department of Urban Affairs or the Minister has undertaken any specific consultation with either elected or appointed officials of the City of Winnipeg to determine their response to some of the proposed changes?

MR. MILLER: Mr. Speaker, in line with common practice, I don't believe that one should make known outside of the House the contents of any bill and as a result, the bill itself is being prepared, the city does not know what the contents of the bill are. Certainly there have been, over the last number of

years, ongoing discussions with both the political people and the administration, so we have a fair idea of what some of their problems are and some of the things we hope to correct in the new Winnipeg bill.

MR. AXWORTHY: A supplementary, Mr. Speaker. In that respect, could the Minister indicate when we might expect the detailing of those changes in the House? Can we expect them this week?

MR. MILLER: Mr. Speaker, I am not sure whether it will be this week but certainly, now that the Budget is behind me, I have made inquiries today to find out when the bill will be coming forward for second reading. I, myself, hope it isn't too long in the future.

MR. SPEAKER: The Honourable Member for River Heights.

MR. SPIVAK: Mr. Speaker, my question is to the Minister of Industry and Commerce. Today, in his address before the Enterprise Development Seminar, he made the statement that there is currently a shortage of investment capital for new enterprise development generally. I wonder if he can indicate where he has support for that position.

MR. SPEAKER: The Honourable Minister for Industry and Commerce.

HONOURABLE LEONARD S. EVANS (Brandon East): Well, Mr. Speaker, it is the general observation that has been given to me by the staff, based on their day to day activities with the small business community in Manitoba.

MR. SPIVAK: I wonder if the Minister is in a position to indicate that his staff has also reported to him that the taxation position of small companies is one of the deterrents for enterprise developing in Manitoba.

MR. EVANS: Mr. Speaker, that has not been indicated to me, nor have I had such indication directly from members of the small business community.

Mr. Speaker, while I am on my feet I would like to reply to a question that was asked of me by the Member for La Verendrye. He was in his seat a moment ago, I see he has now stepped out but perhaps he can note this in the Hansard record or his colleagues might . . . The other day the Member for La Verendrye asked me re the position of Director of Projects, Development Branch in the Department of Industry and Commerce, whether this position was filled in the normal manner and he referred to Order in Council No. 423/77 dated April 13th, 1977, which, of course, is a public document which confirmed the appointment of this person in the position of Director of that particular branch. The appointment was not made following a competition and bulletin procedure, rather it was made under provisions of Section 9, subsection 2 of the Civil Service Act, where the position was reclassified and the incumbent was promoted in accordance with Civil Service procedures. The honourable member will probably recall that where a position is upgraded, the incumbent may be upgraded under the Civil Service Act, if the Civil Service Commission feels that this is appropriate, which they did in this case.

MR. SPEAKER: The Honourable Member for Birtle-Russell. The Honourable Member for River Heights.

MR. SPIVAK: . . . to the Minister, with reference to his answers. I wonder if he could indicate then . . . The statement that he made to some 600 people, I believe, about the position of investment capital for new enterprise, is based on no facts other than impressions created and given to him . . .

MR. SPEAKER: Order please. The question is argumentative. It is out of order. Does the honourable member wish to rephrase?

MR. SPIVAK: I'll rephrase it. Has the Minister any additional information other than impressions given to him by the members of his department, to support the contention and the position that he presented as the basic thesis of a major speech with respect to the development of small business in this province?

MR. SPEAKER: The Honourable Minister for Industry and Commerce.

MR. EVANS: Mr. Speaker, these are more than impressions. We are dealing week in and week out with virtually hundreds of small business entrepreneurs in the Province of Manitoba and this is gathered from close consultation. It is not a matter of impression, it is a matter of advice and information sought or achieved rather in the consultative process. This has been passed on to me by the staff.

MR. SPIVAK: Again to the Minister. Are you then seriously suggesting that in a consultation that takes place, the question of the degree of taxation that small enterprise has to pay in Manitoba is not a factor in the discussions that take place with the department?

MR. EVANS: Mr. Speaker, I did not state that, I simply stated an opinion that in my view our policies are not inhibiting small business development in the province. As a matter of fact, if anything, there are signs that small business is alive and well in Manitoba. The fact that we expected only 300 people to come to the seminar, where over 600 people paid as registered attendees at this conference speaks for itself. Small business is alive and well in Manitoba.

MR. SPEAKER: THE Honourable Member for Birtle-Russell.

MR. GRAHAM: Thank you, Mr. Speaker. I have a question for the Attorney-General. I would like to ask the Attorney-General how many members of his department are on the judicial committee of the

Law Society of Manitoba?

MR. SPEAKER: The Honourable Attorney-General.

MR. PAWLEY: Mr. Speaker, there are no members from any department as representatives of my department on the judicial committee of the Law Society. If they are on the judicial committee — and I can obtain that information for him — they would be as elected benchers of the Law Society of Manitoba.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Speaker, I have a question for the Minister of Consumer and Corporate Affairs. In respect of the First Minister's announcement that the rent program will be extended, can the Minister now indicate when he will be presenting to this House the position paper on rent control that he indicated he would be providing, so that we can see what the details and figures are and what the different kinds of measures explicitly will be?

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

HONOURABLE RENE TOUPIN (Springfield): Mr. Speaker, my commitment during the Estimates of the Department of Consumer and Corporate Affairs was not related to a position paper to be tabled in this House, but was a commitment to the people of Manitoba affected by rent controls and that that position of government would be given to them prior to May 31st and that still stands.

MR. AXWORTHY: Mr. Speaker, a supplementary then. Do I understand from the Minister that he does not intend to provide any information or details, or tabling in this House, of information related to the activity of the Rent Control Program, or the possible changes that are required to bring about alterations in that program?

MR. TOUPIN: Mr. Speaker, I indicated at the time of the discussion of Estimates of the Department of Consumer Affairs that what could be discussed in the House would be possible amendments to the Act itself. It is not contemplated to this date that the Act would be revised and that is something that would be discussed in the House.

There is possible amendments to the regulations affecting rent controls and that would be passed by the Lieutenant-Governor-in-Council and made public to every citizen of this province including members of the House.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Speaker, I'd still like to ask the Minister, does he intend to provide the kind of assessment evaluation of the program as was indicated when the bill was first brought in, I believe by the Minister of Mines and Natural Resources, in Committee meeting by other members of the government, the government would provide a full assessment of the workings of the program and therefore would be able to provide some more informed response than we presently can to the program?

MR. TOUPIN: Mr. Speaker, I'd be glad to make available to any member of the House and to the public generally the results of any studies once completed, indicating the results of rent control over the last 18 months.

MR. SPEAKER: The Honourable Member for Fort Rouge, final question.

MR. AXWORTHY: A final question, Mr. Speaker. Can the Minister indicate then that whatever studies and assessments and valuations have not yet been finished and that therefore changes are being made before that kind of valuation has been completed?

MR. TOUPIN: Well, Mr. Speaker, there are certain measures that have to be contemplated even though all studies are not completed in the sense that we are asked to look at the possibility of a third phase. Landlords and tenants are wanting to know the conditions of the third phase, if there is to be a third phase, and even though not all studies had been completed the second phase was announced and implemented. So what I'm really saying is that by the time the announcement is made on the third phase we may not have all the studies completed, but we will still have to make certain decisions.

ORDERS OF THE DAY - BUDGET DEBATE

MR. SPEAKER: Orders of the Day. The Honourable House Leader.

MR. GREEN: Mr. Speaker, I wish to proceed with the Order Paper.

MR. SPEAKER: Thank you. Adjourned Debate on the proposed Motion of the Honourable Minister of Finance. The Honourable Leader of the Opposition.

MR. STERLING R. LYON (Souris-Killarney): Mr. Speaker, I would be remiss if I did not begin my remarks today by congratulating my friend, the Minister of Finance, for his performance on Friday. He pointed out that this was his first Budget Address, but I suggest, Sir, that the very high ratio of rhetoric as compared to substance that he managed to achieve made that almost impossible to believe.

But let us begin this second part of this Budget Debate as the Minister chose not to begin his first part, by looking frankly at the economic conditions within which this Budget, or any budget prepared today will succeed or will fail.

Despite all of the Minister's growing self-congratulation, Mr. Speaker, the economic conditions in Canada are not such as to give rise to complacency or as to give rise to the kind of Pollyanna outlook that seemed to be implied in the Minister's comments during the course of his remarks.

On a national basis, Mr. Speaker, something close to one million Canadians are unemployed, and as the National Leader of the Minister of Finance's own party points out, it is likely that this official count is significantly low. We continue to face the fact of inflation and the very real possibility that it will once again become regrettably double-digit inflation in the aftermath of the Federal controls program. Control programs are always much easier to get into than to get out of.

The productivity of the Canadian labour force is not keeping pace with productivity gains elsewhere. This is both a result and a cause of falling investment confidence in the more productive private sector of our economy. And that fall in investment competence results not solely from economic factors, Mr. Speaker. For the first time in our history as a nation investors perceive an element of political risk in investments in Canada, particularly in Quebec, where the P.Q. Government threatens separation, and in addition, Mr. Speaker, in those provinces with socialist governments, Manitoba and Saskatchewan.

The ill-advised government takeover of potash mines in Saskatchewan, coupled with the consistently hostile attitude both provincial NDP governments have displayed toward business, both large and small, make productive private investments in our two prairie provinces more and more difficult to come by.

These perceived political risks take on added importance as a deterrent to job creating private investment when placed against the backdrop of total government's growing dominance across Canada. Something of the order of 45 cents out of every dollar of wealth in Canada is now being spent by the three levels of government. I don't have to remind the Minister of Finance that outside authorities are referring to the governmental attitudes of this government and the Government of Saskatchewan as being akin to those of Third World powers when it comes to attracting investment to Manitoba and Saskatchewan and I am sure that the Minister is just as familiar as I am with the quotation that was made from the New York study on that in January of 1977.

Mr. Speaker, failure by governments at all levels to control their spending have led to tax regimes that actively attack endeavour, especially in the NDP provinces. The lesson of Great Britain should be clear to Canadian governments. Oh that it were clear to them! The taxes necessary to fund the huge and growing burden of government spending increasingly have adverse effects, not merely on the rich, but on all members of the community. The British Chancellor of the Exchequer, himself a card-carrying Socialist, has acknowledged this. If I may quote from Mr. Denis Healey — I might have used the name of another party with respect to this gentleman but I chose not to — if I may quote from Mr. Denis Healey, "One of the most important lessons that must be learned is that when government expenditures reach these high levels, it is at best naive to pretend they can be financed merely by soaking the rich."

The fiscal imprudence of most governments in Canada has been matched by an equal monetary imprudence by the Federal Government. The Canadian money supply has been permitted to expand much more quickly than our real wealth, thus stoking the fires of inflation. Most other governments, themselves facing large deficits, have done little to protest this profligate federal policy. And I suggest that there should not be a Budget statement delivered by any province in Canada today without calling to the attention of the national government, and of the Bank of Canada, the necessity to have the kind of monetary responsibility that is necessary if we are to overcome the second round of inflation which is now beginning to wind up. Indeed by extensive foreign borrowings and by the effect that these borrowings have had on our exchange rate, governments throughout Canada have been contributing directly to the relative weakening of our international competitive position. And Manitoba does, as the Minister acknowledges in passing, suffer from these same basic economic problems.

The government of Manitoba has had, however, Mr. Speaker, rather more to do with spawning these problems than the Minister saw fit to mention. And Manitoba faces some additional, or more acute versions of the national problems. The Manitoba government, as demonstrated by its comparatively very high costs of general government administration, has shown even less willingness and ability to control its spending than most other governments. Its total debt load has increased and it failed to plan properly for the known ending of the previous federal cost-sharing agreements in 1977 despite the fact that it experienced sizable revenue windfalls in 1973 and 1974. The ratio of gross debt and indirect debt to gross provincial product in Manitoba has increased by some 25 percent during the life of the current Manitoba Government. And as it faces the threat of even higher unemployment, this heavy burden of debt limits the government's ability to respond in any effective way to this threat to the general welfare.

This weakness, Mr. Speaker, may be further aggravated by the effects on government revenue through falling farm income in what appears unfortunately to be a very serious and persisting drought condition. Accordingly, any Budget this year must and should include allowances for the

effects of drought, both on revenue and on expenditure requirements of this government. But we hear nothing in the Minister's speech about that.

A serious long-term concern in Manitoba is the decline in the mineral exploration that has occurred under the current government. Contributing to this decline has been forced government financed participation in what exploration projects are undertaken and the perceived danger, on the part of investors, of further government interference, perhaps even to the extent of the expropriation recommended in the NDP sponsored Kierans Report. And looking to a more fiscally prudent government to the west of us, Saskatchewan, one can understand why these fears emanate in the international investment community. Because they have seen the takeover of the Potash Mines in Saskatchewan and expect the same kind of knee-jerk reaction from their socialist *confrère* here in Manitoba if they are allowed to stay around long enough to perpetuate their peculiar ideology on the people of Manitoba.

The pressure on government revenues in Manitoba, Mr. Speaker, borne out of its poorer planning for the end of the federal cost-sharing, its persistent poor management, and the possibility of a drought this summer have made it impossible for the government to amend its network of small business, capital and succession duty taxes as a stimulus to small businesses in the province although the small business sector is clearly the sector most capable of creating the jobs that Manitoba requires today.

I thought it was particularly interesting to hear the Minister of Industry and Commerce comment about the particular seminar over which he and his department are presiding today; a seminar entitled "Enterprise Development Seminar", April 25th in the Winnipeg Convention Centre. And in a letter sent out over his signature recently inviting people to attend this seminar, here is what the Minister of Industry and Commerce had to say in the second paragraph, "We have made a strong commitment to assist the small *entrepreneur*. The Department of Industry and Commerce believes that business inspired by the dreams of individuals, backed by the best professional assistance available, are central to the economic development of our province, most particularly in regional areas."

Mr. Speaker, here on the one hand, you have the Minister of Industry and Commerce vainly, like Sisyphus trying to roll the stone up the hill while, on the other hand, the Minister of Finance and the rest of his colleagues are rolling stones down on him in terms of taxation, hostility toward business' hostility toward profit, hostility toward individual enterprise, and all of the rather silly nonsensical ideological waves that animate socialist parties when in office.

So the Minister of Industry and Commerce, Mr. Speaker, can continue to hold all of the seminars he wants. But when he goes to those seminars he should ask the small businessmen — the ones who create most of the jobs in Manitoba — why it is, Mr. Speaker, that in this province these small business people have to pay taxes, corporate taxes, that are 44 percent higher than they are in Ontario. And the Minister of Finance has the gall to stand up in the course of his Budget Speech and say that taxes are in line in Manitoba with other provinces. In line, indeed; taxes are not in line in Manitoba and have not been in line in Manitoba. And in the very area right now where the crunch is on, in creating jobs, in creating employment opportunities for our young people, the Minister of Industry and Commerce and his colleague, the Minister of Finance, and their colleagues on the front bench, and their NDP caucus friends in behind, with their well-known contempt for individual enterprise, are causing the failure of small business in Manitoba, causing the transference of small business out of Manitoba, and causing people to forego investment in Manitoba because they can't stand not only the tax climate; they can't stand the attitudes of my honourable friends opposite.

As well, Mr. Speaker, as the purely economic problems of unemployment and continuing inflation, Manitoba faces a growing challenge resulting from the changing age composition of our population today. New entries into the labour force are increasing thus increasing the demand for jobs, housing and other services. A growing proportion of the population of the province is becoming aged thus placing strains on the health care system that can only be met by an extensive redesign of many of the services and the facilities and the priorities that have been applied to them.

It appears unlikely that the government, in the absence of effective control of its own spending, will be able to respond in any meaningful way to either of these problems.

That, Mr. Speaker, is not perhaps a pleasant description of the state of affairs, as we face it at this Budget. It is not pleasant, Mr. Speaker, but it's accurate and it's true. And it is also true that the only effective long-term solutions to the problems that face us, are to be found in the stimulation of real employment opportunities in the more efficient private sector of our economy coupled with firm and real control of government spending to permit the reallocation of resources within the government to meet those most urgent needs among the population of Manitoba on a long-term basis.

Mr. Speaker, the Minister made no mention of that in the opening of his Budget address either. Instead he began, Sir, with a series of comparisons between the time, eight years or so ago, when his party was not the government of this province, and the present. And if such comparisons are fair, and if such comparisons are informative, it seems only appropriate that I should begin in the same

manner although it is possible that my comparisons may lead to somewhat different conclusions. And it is certainly the fact that I have no preoccupation with the past as my honourable friend seems to have.

The preoccupation of elected members of this House today, Mr. Speaker, should be with the future, with the young people coming

My purpose in making the comparison, Sir, is a little different. I'd like to get at some of the facts about unemployment in Manitoba; some that the Honourable the Minister and his colleagues have seen fit to disregard.

There is another fact which did not fit my honourable friend's case and so was not mentioned in his address. That is the unpleasant, but the undeniable fact that last month in Manitoba the unemployment rate among young people, people under the age of 25, was 11.7 percent. That is a figure that we cannot easily compare with the days prior to my friends coming to power, because in those days unemployment for the young was so far from being a problem that they didn't even bother to keep statistics on it. But that, of course, Mr. Speaker, was before the NDP had succeeded in putting Manitoba on this firm financial footing that we heard talked about in the Budget the other day that the Minister was so uproariously proud of.

Some more comparisons, Mr. Speaker, between those days before we had an enlightened NDP Socialist ideological government and the present. In June of 1969, the month before my honourable friends opposite took office, the total monthly payroll for the Manitoba Public Service, then reputed to be one of the best public services in Canada, was \$5,167,000. And by December, 1975, after only six and one-half years of so-called "careful" NDP management, that monthly salary bill has climbed to very nearly \$12.5 million.

Mr. Speaker, lest anyone assume that that increase reflects a particular generosity on the part of this government with regard to remuneration of career public servants as distinct from NDP appointees with which this building and all other government buildings are literally festooned, it is worth noting that the \$12 million plus monthly payroll was paying for a Civil Service that even after a year of so-called austerity in 1976 was 57 percent bigger than the public service the people of Manitoba were served by, and served well by in 1968 before the NDP came into office. That increase in the inner Civil Service Mr. Speaker, was made despite the fact that over the same period our population increased by less than three percent.

Some more comparisons, Mr. Speaker. In 1968, the last full year before our friends opposite formed their government, Manitobans paid a total of just under \$47 million in personal income taxes. In his Budget, the Minister announced his intention of collecting about \$290 million in income tax. He didn't announce that terribly clearly since he has decided to offset tax credits against personal income tax receipts to the tune of about \$100 million, but if you look hard enough at his Budget, the information is there. So income taxes borne by Manitobans have increased. They are now more than six times as high as they were in those terrible, awful days before we had this "People's" government in Manitoba. It certainly ought to be the people's government, Mr. Speaker. They are paying enough for it.

In 1968, Mr. Speaker, the last full year before the NDP came into office, Manitoba businesses paid a total of just over \$20 million in corporate income taxes. This year the Minister plans to collect more than \$96 million from Manitoba businesses, almost five times as much as they paid before the NDP began putting Manitoba on this very sound financial basis that we hear them crow about.

And in 1968, Mr. Speaker, the people of Manitoba paid a total of over \$39 million in sales tax. This year the Minister, with the same tax rate, will make them pay \$198 million. Those are some comparisons he didn't choose to mention.

One last useful comparison, Mr. Speaker, and then we will get down to business. In 1968, the last complete year before the NDP became the government of Manitoba, the gross provincial direct and guaranteed debt was \$1.04 billion. Today that debt has soared to more than \$3 billion.

Mr. Speaker, we could go on. Goodness knows, the Minister of Finance did. But before we do that, perhaps we ought to ask just what these kinds of comparisons prove. On the face of it, they certainly prove that the Government of Manitoba is a great deal bigger now than it was eight or nine years ago. They certainly prove that this NDP government takes a great deal more money away from the people than governments did in those days. And they certainly prove that the so-called sound financial footing that the people on the benches opposite, Mr. Speaker, are a great deal more willing to pledge the future incomes of Manitobans as security against against debt than other governments previously were. And they certainly prove, Mr. Speaker, that despite all of this talk of being a people's government, the NDP are overseeing an economy that is a great deal less able to offer our young people the jobs and the opportunities that they need than the economy did before they brought this so-called new approach to government in Manitoba.

And all of these comparisons, Mr. Speaker, prove something else, something that all of us in this House would do well to recognize if we are serious about serving the interests of the people who elected us to our positions here. They prove that times have changed in Manitoba, Mr. Speaker. The

Minister's comparisons prove that every bit as much as mine do. His comparisons, especially the ones he drew about our total production in Manitoba, prove that we now have to live with the new and terrible reality of inflation. One of the flaws in such simplistic dollar comparisons, the ones the Minister makes and the ones that we have just made, is that they don't take into account the effects of soaring inflation. But unlike the Minister, Mr. Speaker, we are prepared to acknowledge the factor of inflation and to point out the flaw in his comparisons and in ours with respect to the economy of Manitoba. He preferred to take credit, Mr. Speaker, for the inflation of our total wealth. That is what the Minister tried to tell us, but he did acknowledge in passing that inflation was a problem.

These comparisons demonstrate the change in the age mix of our population that has occurred as the young people from the so-called baby boom years try to find their places in our economy on the one hand, and as more and more of our people become aged on the other. Both of these changes have their effects on many of the other indicators that we can quote and throw back and forth across this Chamber at each other, but with very little benefit to the public interest.

Obviously they affect rates of unemployment and actual numbers of unemployed. They affect the rates at which additional housing is demanded, both from the private market and from government. They affect the kinds of demands that are made on our health care system and on the kinds of health care facilities that ought to be constructed. They affect the demand for funding education.

And when we use these comparisons in that way, to help us define the major challenges that government is going to have to meet over the next months and over the next years, then these comparisons are valid and useful. But the Minister in his tunnel visioned preoccupation with the past tries unsuccessfully to use his Budget as a political debate about the past, rather than a guidepost for the future.

These comparisons, Mr. Speaker, demonstrate change, some of it change that no government at the provincial level could have control over, and much of the business of government must be the forming of proper and effective and humane responses to change. But in order to form the responses, you must be aware of the problem and regrettably, my honourable friend indicated no awareness of the problems in the speech that he delivered last Friday.

And of course that is not how the Minister of Finance chose to use the comparisons, and that is the whole point I have been trying to make here. He used them as simple debating points, and as such they are fun to use. We can have a bit of banter across the House. We will be quite happy to trade them with him from time to time when there is nothing much better to do, for our own amusement, but there should be some rules that we both observe in this kind of financial banter across the House.

The comparisons, for instance, should be factual. Are all of the Minister's comparisons based on facts? Let's discuss that for just one moment. On Page 4 of his Budget Address, the Minister, in one of the little paroxysms of self-congratulation that stud this document, announces that his government has helped to create 65,000 new jobs in Manitoba. It pains me to inform the Minister, Mr. Speaker, that Statistics Canada can't find 35,000 of those jobs. In June of 1969, the month before this government took office, the actual number of people employed in Manitoba according to Stats Canada was 382,000. According also to Stats Canada, Mr. Speaker, in March of 1977, and that's last month, the latest set of employment figures available, there were 412,000 Manitobans actually employed in Manitoba. The difference, 382,000 in 1969 in June of that year; 412,000 in March of 1977. In other words, Mr. Speaker, according to Statistics Canada, there have been only 30,000 new jobs created in the eight years the Minister of Finance and his friends have been in office.

I know that this kind of calculation stands in great danger of having Stats Canada condemned by the First Minister for practicing the same kind of so-called schoolboy arithmetic that he and his colleagues habitually accuse former Premier Douglas Campbell of practicing when Manitoba Hydro is being discussed. But I would suggest that those 35,000 alleged new jobs that Statistics Canada just can't find, but that the Minister says are here somewhere, would be of more than passing interest to the 32,000 Manitobans who are out of work today. In fact, if the Minister can just lay hands on those alleged jobs, he won't need his massive new employment program. He will have done away with unemployment almost entirely. We will be sending out east or west for more people to come in to fill the jobs that he says have been created during the new approach of this people's government in Manitoba over the last eight years.

Mr. Speaker, I am sure that the Minister is going to come up with some formula or some combination of adjusted numbers that will give him something close to the 65,000 figure that he quoted in his speech because I do not, Mr. Speaker, in any way, in any way whatsoever, question the honesty of this Minister. The figures that we are using are actual counts. They represent actual people, either employed or looking for work and they just can't be formulated or adjusted away. These are actual counts from Stats. Canada.

But let's get down to the business of talking about what little substance there is, Mr. Speaker, in the Minister's Budget. The way I would like to approach it would be to begin by discussing those items in this Budget that we believe deserve support. I would then plan to move on to comment on

some elements of the budgeting process that I believe ought to be of concern to every member of this House. I would like to discuss debt and this government's use of debt. And finally, in discussing what very little the Minister has told us of his upcoming employment plan, I would like to talk briefly about what this Budget should have been; at least in the view of myself and my party and a large number of the people of Manitoba.

Among the few sensible measures in this Budget, Mr. Speaker, is the proposal that senior citizens should be permitted to defer payment of the property taxes owing on their house. If we understand the Budget correctly, Mr. Speaker, the Minister will place provincial liens on the property involved so as to recover these moneys when the property is disposed of. Now that's not what you would call overwhelming in its generosity. But, as the Minister points out, it will help possibly, to permit some people to remain in their homes rather than being forced out by climbing property taxes. And as such, of course, Mr. Speaker, it is a worthwhile measure. But I suggest, Sir, it might have been much more worthwhile if it had been combined with a significant effort to deal with the real causes of rising property taxes in Manitoba. The government has made a token gesture in this direction this year by devoting an extra \$7.5 million to the support of the Foundation Program. But it's worth noting that when the Foundation Program was originally established, it was designed to pay 80 percent of the basic costs of education and the escalator was meant to be built in year after year to maintain that ratio, which my honourable friends opposite have not seen fit to do.

And now, as the Minister knows, it is difficult to deduce just how much less than that the program covers today. It's difficult to know just how the rebates ought to be applied as between education and municipal purposes, or because of the Minister's new method of showing revenues in the Estimates, are we now to say that these rebates are an offset against personal income taxes? Because that's where he shows the deduction of revenue now; off personal income taxes.

Now we all know the old play that has gone on by our honourable friends, opposite, Mr. Speaker. When they're talking to an education crowd they talk about the rebates being applied to education taxes. When they're talking to the municipal crowd they talk about the rebates being applied to municipal taxes. And when they're talking about the total impact of taxation, personal income taxation in Manitoba, they talk about the rebates as a deduction from personal income tax. Three ways to it, and they . . .

MR. SPEAKER: Order, please.

MR. LYON: They've been merrily going along deducting the same dollar off peoples' taxes in Manitoba for three, five or seven years, and getting away with it in certain quarters. But you know the chickens are coming home to roost. The chickens are coming home to roost in this kind of financial manipulation just as they are in Hydro; just as they are in their ill-starred government owned businesses and a number of the other silly ventures that they have engaged themselves in. Because people are beginning to understand now, Mr. Speaker, that if they deduct that rebate and take that as the charge against their income taxes then surely they can't apply that against their property tax. And if they take it against the property tax it doesn't apply to income tax or municipal tax. You can only deduct the dollar once. And the people of Manitoba are wise to that peculiar little gimmick that our honourable friends opposite in sort of slight-of-hand speeches have been making. They're wise to it. They're not buying it anymore and my honourable friends' method of showing the deduction from personal income tax; my honourable friend's method of displaying the rebate picture as a deduction from income tax merely goes to point out — that I suggest I can only take it from the method of formulating his Budget — that he wants us now to consider this as an offset against personal income tax. And I say fine, it's good, it's helpful whether it's an offset against personal, whether it's an offset against education, or an offset against municipal. But it can only be an offset against one of the three; not all of the three.

Well, Mr. Speaker, getting back to the Foundation Program, whether the decline in that program is of the order of 10 percent or 20 percent, or even higher, as the Manitoba Association of School Trustees have suggested, the connection between that decline and the increasing property taxes is direct and immediate. And that connection will not be effectively offset by a one-year offer of an extra \$7.5 million. It requires a stable and long-term commitment from the Provincial Government to permit proper planning by School Boards and long-term property tax release. And none of that, of course, is provided in this Budget. And because that is true, it is likely that the deferral privilege for property taxes will be needed by more and more senior citizens as time passes and tax rates continue to escalate at the same levels that they have over the last number of years. And so, limited as it is, we will support this measure.

We will also support the Minister's plan to exempt insulating materials from provincial sales tax. As the members of this House know, my colleague, the Member for Riel, has this year as in the past, placed a resolution proposing just such a measure before this House. And we are pleased that the government has finally seen its merit.

I may add, by way of a footnote, that we all miss the presence of the Member of Riel particularly during this debate on the Budget; he being the Budget critic and the finance critic for the official

opposition. But I am happy to be able to report to honourable members opposite, if the younger ones can forego their chirping, I am happy to report to the honourable members opposite that the Honourable Member from Riel is now released from the hospital and is now continuing his recovery at his home.

Unfortunately, Mr. Speaker, the measure proposed by the Minister is the kind of absurd half-measure that we have come to expect from any Minister who faces the rather dreary task of getting the agreement of the NDP caucus for any activity of government that does not involve collecting yet more taxes.

He proposes, Mr. Speaker, to limit the exemption to "noncommercial residential" uses. That is, where there will be no taxes. There will be no tax on insulating materials purchased for insulation in non-commercial residential buildings. That's the way we interpret it. But we also must interpret that there will continue to be sales tax levied on insulating materials purchased for insulation in commercial buildings including, if I understand the Minister properly, apartment buildings and even rooming houses. Those are commercial buildings.

Now the stated purpose of this measure, Mr. Speaker, I thought was to encourage the conservation of energy. And that is a purpose that we can all agree with in a very whole-hearted way. But in Manitoba, Mr. Speaker, only about one-third of all non-transport energy, including both hydro and natural gas, is used for all residential purposes. Now that includes heating, air-conditioning, cooking, laundry facilities, lighting; all residential purposes. And that one-third also includes uses that the Minister would dismiss as occurring in commercial residential facilities like apartment buildings and rooming houses.

So the only impact of this measure, if we understand his words correctly and he can correct us if we're wrong, the only impact this measure will have will be on something less than one-third of our total energy consumption.

Now, Mr. Speaker, we know that the Minister and his friends don't like private businesses. They don't like private initiative. They don't like anything that smells of commerce that pays the taxes that enables them to carry out their program. But is energy to be blamed for being a product of the capitalist side of the economy? Is it now becoming capitalist too? Is energy any less worth conserving because it is used in an apartment building or a factory than it is when it is used in a private dwelling? Well, Mr. Speaker, that's patently absurd on the face of it. But in this kind of a situation the NDP face a dilemma and we're well aware of what their ideological dilemma is.

What they are using here is a tax incentive. They don't like to talk about tax incentives but that's what this really is. And tax incentives aren't really very mysterious, Mr. Speaker. Anytime the government says we will refrain from collecting money to encourage this socially useful behaviour, they are offering a tax incentive to the people of Manitoba, to the people of Canada or wherever. And tax incentives, as the government is acknowledging in this case, are very effective indeed. But the NDP do not believe in tax incentives to business. Oh no, not that bunch, not that bunch. And so they compromise their stated goal. So much for their principle. The conservation of energy is a stated goal but they compromised that principle in favour of a silly and a dogmatic decision that tax incentives to commercial enterprises are wrong. Now that's the kind of nonsense that passes for logic among our friends across this Chamber. That's the kind of nonsense that the people of Manitoba are very very well aware of nowadays, Mr. Speaker. That's spiteful . envious nonsense that permeates and animates their attitude towards public affairs in Manitoba.

Well, Mr. Speaker, as a result this measure will lead to less energy conservation than it should and to less energy conservation than we need in Manitoba. Now obviously we will continue to propose that this tax exemption be extended to apply to all insulating materials wherever those insulating materials are used. Because insulating materials preserve energy and the name of the game is to embark on a program of energy conservation. I repeat it for the benefit of honourable friends opposite who allow their peculiar little prejudices to get in the road of that particular principle.

Now, Mr. Speaker, we believe that energy conservation is just too important to sacrifice it merely to cater to the silly socialist prejudices of the members of the government caucus and that appears to be the case in this particular instance.

But there is another part to the resolutions put forward by my colleague, the Member for Riel, that is not being mentioned here, Mr. Speaker. That is the proposal that sales tax also be taken off hydro bills. I said earlier that one of the things that tax revenue comparisons revealed clearly was the fact of inflation. Nowhere is this revealed more clearly than in the impact of the huge hydro increases of the past three years on sales tax revenues.

Mr. Speaker, the average residential hydro bill in Winnipeg is now 108 percent higher than it was three years ago. At the average monthly consumption of 1,000 kilowatt hours, the bill itself has increased from \$135.36 a year, to \$282 a year plus the five percent sales tax. The sales tax revenue taken in by the government presumably has also increased by 108 percent, and under Part 1 of the Revenue Act, the Minister shows that the total tax applied presumably for telephones, Hydro and so on, is \$11 million in expected revenue this year. The only people who are benefitting from these

increases from the sales tax increases, Mr. Speaker, that resulted largely from the mismanagement of Hydro under the operation of my honourable friend, are the NDP tax collectors, the NDP tax collectors. Eliminating the sales tax on Hydro bills would at least diminish the increased burden on the people that my honourable friends talk about being so concerned about. It would reduce that impact by five percent, and that's not much, Mr. Speaker, stacked against . . . —(Interjection)—

MR. SPEAKER: Order please.

MR. LYON: That's not much, Mr. Speaker, stacked against increases of more than 100 percent, but it would be better than nothing and it's worth doing. Of course, there's no mention of that in this Budget today, Mr. Speaker.

But back to things the Budget does mention. In his address, the Minister of Finance announced a program of long term, low interest loans to home owners for insulation. On the face of it, this would appear to be a sound and sensible use of the borrowing power of the government, if it's committed, as it says it is, to the conservation of energy in Manitoba. The Minister has not made clear, however, how this program will be administered, what qualifications, if any, will apply to it, nor what scope of additional bureaucracy will be required to administer it. But we would hope that he will provide us with this information soon, and we would hope that the program will be simple and not loaded down with a complicated administration such as is so dear to the heart of my honourable friends opposite when they get into government. That being the case, we will certainly support the program if it meets those commonsense tests.

I would mention in passing that there is no allowance anywhere in this Budget for the funding of this program so far as we can see. We are naturally interested to know how it will be funded and what effect the addition of these costs will have on the total financial picture that was at least partially painted by the Minister the other day.

The Budget Address, Mr. Speaker, does confirm the earlier announcement of the \$25 increase in the Property Tax Credit program. This is some measure of tax relief for Manitobans, as such it is welcome and will be supported, but it is perhaps useful to put this tax reduction into perspective. It works out to a monthly reduction in taxes of \$2.08 per household in Manitoba, which is something less than half of what a 300 kWh per month user must now pay for his hydro because of the increases that this government has imposed in the last three years. That puts it rather more into perspective.

But there is some belated action in this Budget that will be of direct benefit to low income people, Mr. Speaker. That is the announcement that finally, after years of muttered resentment about the Federal Government's decision to apply a measure of indexation to income taxes, the NDP in Manitoba have decided to parallel the Federal Government's tax reduction program. They don't like it, but they're going to parallel it. Thank god we have an election year to bring them down to some sense of common reality.

This deserves a little specific comment however, Mr. Speaker. The reason for the tax reduction program, as for the rest of the indexing measures adopted by the Federal Government, is that inflation has forced many low income people into marginally higher tax brackets. As a result, their tax burden increases, the government takes more money from them in income taxes even though their real incomes may actually be getting smaller. The Federal Government established the tax reduction program to offer some measure of relief for these people. Other provinces, Ontario for instance, saw the logic of it and the fairness of it and followed suit, paralleling the measure in their own provincial income tax program. But not the NDP in Manitoba. Our government continued to make statements about its concern for low income people and it continued to collect its pound of tax flesh from these people, despite the fact that these higher taxes were the result, not of the increases in real purchasing power but of inflation. They resisted this as they have resisted every other element in the indexing program because they don't like indexing. They spoke, not of the effects of indexing on the people, which is what we should be motivated by, on the people who must pay the taxes, but of its effect on their treasury revenues, which is so dear to the hearts of our Socialist friends opposite, the people's government opposite, which worries about its treasury revenues all the time.

I pointed out earlier, Mr. Speaker, that they will collect more than six times as much money in income taxes this year as were collected in the last year before they became the government of Manitoba. I pointed out that one thing that comparison proves is the working of inflation in conjunction with the highest provincial personal income tax imposed in Canada and were it not for the Federal indexation program, the increase in income taxes paid would have been even bigger. We have suggested to the government that the beneficial impact of the indexation program for the individual taxpayer was vastly more important than any loss of revenues in their bloated treasury.

Finally it seems, Mr. Speaker, that they have agreed with us. Finally they have decided to parallel the federal tax reduction program in their own tax collections, and that is good. It took the prospect of an election for them to do it. It's long overdue. There can be no excuse for their delay, but better late than never. The Minister of Finance deserves to be commended for his belated, albeit grudging acceptance of common equity in a period of inflation.

I said, Mr. Speaker, that I would speak first about those items in this Budget that deserve the

support of this House and I have now completed that portion of my speech.

Before going on to discuss some of the financial implications of this Budget, I would like to say a word about succession duties and the measures proposed in the

Mr. Speaker, we believe that succession duties and gift taxes ought to be abolished, and we had rather hoped that they would be in this Budget. There is no defensible reason for Manitoba to be the only province left in western Canada imposing this tax. Even dear old Socialist Saskatchewan, even Socialist Saskatchewan, which is a long long way from being that tropical tax haven that the Minister talked about in his address — I don't think anybody from Bienfait thinks that he's from a tropical tax haven but he's better off in Bienfait than he is in Manitoba in terms of succession and gift tax. Well, even Saskatchewan has seen the wisdom of that and there are a number of good reasons why these taxes ought to be abolished.

The first thing, I think, is that they produce now very little revenue for the government, which is probably the best reason for abolishing a type of perverse tax. In fact, they exist not as revenue producers any more, Mr. Speaker, but as mechanisms for attacking those who have accumulated what the NDP view to be excessive wealth, all of the farmers and the small business people and so on. These terrible people who have gone out and worked and sweated, and worked hard in their own family businesses and have accumulated an estate that is taxable under this, the most penal succession duty law in Canada — all of these people, all of these terrible people that the NDP say have formulated excessive wealth. By the government's own admission, Mr. Speaker, even the picayune changes they are making the taxes will cut the revenue they raise virtually in half, so there's even less justification for continuing to collect the tax at all. And one figure we would all like to know, and we'll endeavour to find out from the Minister or in Public Accounts, is how much it actually costs to administer and to run this branch of government along with some of the other branches of government such as the Mineral Acreage Tax Act which raises the huge sum of \$330,000 per year in order to feed my honourable friends insatiable desire to expropriate private mineral rights without compensation. That's why that tax exists, not for revenue but merely to permit the state to confiscate without revenue something that is owned by private people.

We know of their determination and of their prejudice against everything that is in private hands, but isn't it about time that they started considering that private people in Manitoba, people who have supported the NDP, people who have voted Liberal, people who vote Conservative just like to have some private things of their own that are not subject to the long hand of this particular government in their over-emphasis in trying to run all of the matters that used to be of a private nature in this province before we had the benefit of this new people's government.

Well, Mr. Speaker we believe that this tax, as I've said, should be abolished. The best ways to achieve acceptable levels of equality, if that's what my honourable friends are harping after, in a society is not to attack those who are working and who are prospering, but to help to support and encourage those who are not. But the NDP are so riddled by spite and envy at the mere thought of wealth that they can't understand that simple fact. I've got a message for them, Mr. Speaker, the people of Manitoba understand that simple fact. Let them go into any part of rural Manitoba and talk about their perverse Succession Duty Act, and the farmers in Manitoba understand it, they understand it well, they're paying it, they understand it, they understand it when they come to leave the farm to somebody in their family and have to pay this tax. The small business people understand it, Mr. Speaker.

It's only this odd collection of people on the other side of the House, Mr. Speaker, who don't understand that people who have accumulated and worked hard for something that they have built up over their lifetime, see the value of it then like a farm inflated because of government policies, and then find that their estate has to pay on that particular inflated value, to serve the spite and envy of my honourable friends opposite. The people of Manitoba understand that, Mr. Speaker, more clearly than my honourable friends believe, but will find out whenever they screw up their courage and call the next general election.

Well, Mr. Speaker, the second reason that these taxes ought to be abolished, is that the existence of what the NDP consider to be an excessive wealth does not necessarily imply the existence of the ability to pay the taxes. And when the so-called wealth is composed of an operating business or farm — (Interjection) —

MR. SPEAKER: Order please. Will the Honourable Member for Radisson state his point of order.

MR. SHAFRANSKY: In accordance with our rules, Rule 29, a member addressing the House shall not read from a written previously prepared speech, and I noticed the Honourable Leader. . .

MR. SPEAKER: Order please. Order please. Will the honourable member please sit down. That does not apply in major speeches where members have to follow their notes closely. The Honourable Leader of the Opposition.

Order please. Order please. I would like to indicate I have made a ruling, if the honourable member wishes, he may challenge that ruling, otherwise, we will proceed. The Honourable Leader of the Opposition.

MR. LYON: When the so-called wealth, Mr. Speaker, is composed of an operating business or a farm, the revenue to pay the taxes may only be realized in many cases by compromising the economic health of the enterprise by burdening it with unproductive debt; or in the case of siblings, of young people who are left as survivors of fathers or of mothers, by prejudicing or in some ways crippling the future inheritance that those young people and that those parents set aside to maintain those young people in the manner in which the parents made a determination would be proper. That is not the business of the state. That is not the business of the state. The Minister has made a partial concession to this hard fact of life in this Budget with respect to family farms, that the combination of Federal Capital Gains Tax and Provincial Succession Duties seriously prejudice the settlement of young people on farms in Manitoba today, and the establishment of young people in small businesses. That's the point we're getting at.

The third good reason for the abolition of these taxes is that they lead not only to a flight of capital from Manitoba which is going on daily, weekly, monthly — capital that we need desperately to provide the jobs that the 32,000 unemployed Manitobans are looking for — but they lead also to more and more decisions for new capital not to come to Manitoba. The Minister can dismiss this if he wishes, but the common sense of Manitobans will have very little trouble in understanding that if an investor wants to establish a business in Western Canada, and if, of all of the Western Provinces, Manitoba is the only one with Succession Duties, he is just that much less likely to choose to locate in Manitoba, and that is the fact of life, notwithstanding protestations from the Minister, the Member for St. Johns or any of the. . .

If we had the exemptions that Ontario has, there would be few complaints in Manitoba. We have none of the exemptions that Ontario has. And Ontario' just to answer my honourable friend, Ontario is not ridden by spite and envy, because if my honourable friend from St. Johns, Mr. Speaker, will look at the budget statement of the Minister of Finance of Ontario, the Honourable Darcy McKeough, he will see the statement clearly made, that Ontario intends to phase out of the Succession Duty Act when the Capital Gains Tax matures. That's a statement that my honourable friends opposite haven't made, and probably wouldn't make because it doesn't suit their particular prejudices. Their prejudice has nothing to do with the public interest. It serves only their peculiar ideology, and they try to translate that into public interest. What's good for the NDP in their socialist ideologizing is not good for the people of Manitoba.

So, Mr. Speaker, one final point on this matter. These taxes, by their nature, involve the necessity of a decision being made by some tax assessor or other as to the dollar value of the "closeness" between family members, and you see clear examples of that rather unsavory exercise in the changes the Minister is proposing in these taxes in this Budget. The NDP have decided, in his words, to "recognize" the closeness between brother and sister by exempting \$100,000 of estate from taxation. The closeness between cousins, nieces, nephews, uncles and aunts, however, the NDP evaluate as being worth merely \$35,000 exemption. And according to the NDP the relationship between spouses is now worth \$250,000.00.

That the government should decide, Mr. Speaker, the significance of the relationships between people, and then place dollar values on those relationships, is quite simply wrong, and it is wrong whether the people involved are rich or whether the people involved are poor. It represents the kind of unconscionable intrusion into private affairs that we already have a surfeit of in our society today. But the curious double vision of the NDP cannot see that fact, and I'm sure that my friend the Minister would be the first to protest, and to protest sincerely, if this same kind of interference in the personal relations of people was imposed on some group that he would consider to be disadvantaged. But when it happens to people who have accumulated some money, he sees nothing wrong with that. And this is the party, Mr. Speaker, that then speaks of equality. But the Minister is emphatic, the taxes stay, and the most obnoxious part of these taxes, the imposition of taxes on bequests and gifts between spouses will go through a little jiggery-pokery and it will stay too' when the Family Law legislation is brought in. —(Interjection)—

Mr. Speaker, I don't think either of the last two speakers would understand a program if it was shoved down their throats.

The Minister said, Mr. Speaker, that this was his first Budget. The kind of thinking that he has brought to bear on the question of Succession Duties and Gift Taxes is a fine example of one of the reasons it will also be his last, and the last prepared by this government because Manitobans can't see why they have to have this peculiar kind of spiteful, envious legislation perpetuated here to the disadvantage of development and job opportunities when it has been wiped out from seven other provinces in Canada.

Well, Mr. Speaker, there is more wrong with this Budget than the mere specific measures it includes. As a financial document and as an example of this government's understanding of its financial responsibilities to the people of Manitoba, it deserves comment. The approach that is embodied in it deserves rethinking by this government in the few months that are left to them.

Let me begin, Sir, by pointing out that the Minister calls this an almost balanced Budget. I'd like to talk about that for a moment. Let's start with Page 19 of the Minister's Address.

On that page, the Minister claims that the spending of his government will increase by only 7.75 percent in the coming year, based on the Main Estimates. He calls our attention to just how that increase is, how low that increase is, and it is low provided you close your eyes to the extras which are inevitable. But then we come to Page 33, and on that page we are reminded of the first \$12.9 million in Supplementary Estimates. They raise the increase to 8.9 percent, and that, as the Minister says, is also a very reasonable figure and based on that, he predicts a current account deficit of less than \$9 million, and suggests that for practical purposes, this is a balanced Budget.

Well let us proceed to look at that claim, Mr. Speaker, because it, like the rest of this Budget, gives rise to rather more "however's" than a franker and more revealing document would have.

Let's deal first with just what is in the Budget. As we have already mentioned, there is the announcement of the Loan Program for the insulation of homes, but where is the provision for the financing of such a program? What effect will that program have on this "nearly balanced" Budget? We simply can't tell, but if the Minister can explain it to us, I'm sure he will.

There is the announcement of the government's planned Employment Program, but as yet there is no mention of its cost. The Minister said it will be a massive effort. How much is massive? What effect will this have on the "nearly balanced" Budget that he talked about the other day? Once again, we simply can't tell. But if the Minister's Work Program is going to proceed along lines that have been suggested, it's going to proceed something like this: There's going to be a short term make-work program to produce 1,000 new jobs at a cost of about \$4 million, and of course this is going to be the four month program — anything that can't be stopped within four months won't be included. This is what the hall rumours have about the Honourable Minister's Make-Work Program.

Secondly, there are going to be Capital Work Projects for about \$30 million, I suppose to build some more monuments to my honourable friend, the Minister of Public Works, or is he going to build some more public conveniences throughout Manitoba, which seem to be a particular mark of his contribution to the government over the last eight years.

And thirdly, Mr. Speaker, the rumours would have it that there is going to be an incentive to business, paying one-half the costs of legitimately established new employees with a firm of 20 employees or less. That kind of a program however, Mr. Speaker, the Minister should consider very carefully because that will probably cost more to administer than the jobs it's going to create, and there's going to be, as a result, an increase in the deficit if any of this speculation comes about. But, of course, my honourable friends probably have a means of dealing with that, because they're going to move an awful lot of current expenditures into capital expenditures in order to really paint over what the real deficit is going to be on current account spending this year.

So, Mr. Speaker, that's probably the kind of movement that we are going to be in in the next eight to ten days on behalf of this Minister when he announces what his colleague, the Minister of Industry and Commerce, calls as a new Budget, or what he prefers to call as new supplementaries or supplementary estimates or whatever. The point being, however, that the Budget that he delivered the other day, and the high expectations that he has for a \$9 million deficit, and the high expectations that he led people of Manitoba to believe about the rate of government increase in expenditures, is not going to be realized if he carries through, as I'm sure he will, with the promise to bring in unemployment supplementary estimates in ten days time.

Well, Mr. Speaker, first of all there is the announcement of the government's program as we have mentioned.

There is one charming little passing reference in this Budget to the fact that a continued drought might cause a few problems in Manitoba. It certainly might, Mr. Speaker, and what provision is there in this Budget to deal with those problems? What extra spending will such problems require? The First Minister has deemed it important enough to speak to the First Minister at Ottawa about it, and well he might, and *ad hoc* programs of some sort may well be necessary, but what shortfall in revenue is this natural condition going to lead to as well? What's going to happen to the decline in farm income as regrettably we can anticipate it, and what's that going to do to my honourable friend's proposed revenue figures that he has in his this year? . Once again, Mr. Speaker, we can't tell.

My honourable friend took great pride in the fact that the average annual take-home pay of Manitobans in the last two years was up slightly over the national average, whereas it had not been — that had not been the case said he for the fifteen previous years. Well we acknowledge that figure, but we also acknowledge the fact that agricultural incomes, farm income has been the major contributor to that, and we merely say to our honourable friend, Mr. Speaker, that he has got to expect, if this drought regrettably continues, and we pray God that it won't, that there can be that kind of serious decline in farm income this year, that will put all of his revenue projections into the ash can.

As we look at these factors, it becomes clearer and clearer that the Minister's gay pronouncement that his Budget is in virtual balance, is really not so. The only uncertainty is just how wrong that pronouncement is. But, Mr. Speaker, this kind of presentation, this kind of partial revelation of the

financial facts is so typical of this government's approach to its financial responsibilities. Instead of public financial documents whose purpose is to reveal for public scrutiny, this government deals in documents whose purpose is to obscure presumably for partisan gain close to an election.

The use of special warrants that has marked this government's time in office, is part and parcel of this tendency. The NDP have made rather more generous use of special warrants than earlier governments would have considered. They have raised as much as \$61 million in a single year in this way, and they can make points of justification if they haven't thought far enough ahead to determine what the contingency items may well be. But now in fairness, we should say that their use of special warrants in the past year has been moderate, at least by their standards, but even assuming that they raise only \$10 million in the coming year through special warrants, what does this do to my honourable friend's "nearly balanced" Budget?

And in his Budget the Minister says that he will do his utmost to get out of the Federal AIB program by October, 1977. That was a clear statement that we all understand. But in the 1976 Budget statement establishing both the personal and corporate income tax surcharges brought in, in last year's Budget, pledged the elimination of these taxes once Manitoba is out of the federal program. Has the Minister allowed for the ending of these taxes in his revenue projections, or does he intend to keep them in place after the end of the Anti-Inflation Program? If so, that is a change in government policy from last year's Budget statement, and one would have expected it to be announced frankly in this Budget. So we looked for that kind of clarification from the Minister with respect to the date that he has established and with respect to the pledge that was made in last year's Budget about the surcharges on personal and corporate income lasting only for the duration of the Anti-Inflation Board controls.

If the surcharges are not to be kept in place, Mr. Speaker, then what effect will this have on the Minister's revenue projections? And what effect will it have, again, on his "nearly balanced" Budget?

The point of all of this, Mr. Speaker, is that the deficit in this Budget is not a little less than \$9 million, as the Minister claims. The deficit is indeterminate. In effect, this is not a complete Budget, it does not present for the people of Manitoba to see the financial realities of what this government is doing.

And this Budget is not alone in that. The Provincial Auditor has commented that the The Financial Administration Act ought to be amended because the existing system "results in legislative control over program expenditures being essentially non-existent." Those are the words of the Provincial Auditor who is an appointee and a servant of this House. They are words that seem to fall on deaf ears with my honourable friends opposite in the Treasury Bench.

The Provincial Auditor has commented again and again on the changes of format adopted by this government, that make year to year comparisons difficult if not impossible. And he has made it clear that, in his view, the separation of capital and current accounts as practised by this government does not permit a clear measurement of the real deficit position of this province. He points out that the claimed deficit of \$11 million for fiscal 1975-76 is illusory and that the real shortfall of revenue over expenditure, on a combined accounts basis, is nearer to \$100 million.

Mr. Speaker, the Estimates presented year to year are simply not comparable; the Public Accounts are not comparable to the Estimates in any year. The Budgets are incomplete and so the control of government spending is gradually being eroded away or lost, not merely by the Legislature but indeed by the government itself. The House and the people of Manitoba do not know, as a result of this Budget, how large the deficit will be in the coming year. But even worse, the government itself doesn't appear to know. But we do all know that the deficit will be considerably higher than the not quite \$9 million figure that the Minister talked of. So we know that the public debt will go up again and I believe most of us in Manitoba realize that our debt cannot be permitted to continue to increase at the rate it has in recent years.

The net direct public debt shown in the figures that the Minister tabled for March 31st, 1975, was \$185.7 million; the net direct public debt shown for March 31st, 1976, is \$423.7 million. That is an increase of almost 137 percent in just twelve months, from March 31st, 1975 to March 31st, 1976. Our gross direct and guaranteed debt is, of course, much higher. We calculate it to be about \$3,400 per capita, the second highest in Canada. And if we allow for the additional half billion in borrowing, called for in this year's Capital Estimates, it will have increased to something in the order of \$3,900 per capita.

Now, according to the First Minister, gross debt figures are not relevant. If not, why then does he publish the figures in every prospectus when the province or its utilities borrow abroad? He publishes the figures, we quote from the figures and then the Minister, or the First Minister in particular, with the peculiar kind of curl that he gets to lip when he speaks to outside audiences, the First Minister seems to object to figures that are used and quoted from, that are his own published figures. But more than forty cents out of every dollar paid to Hydro goes to service its guaranteed debt. Hydro have predicted this interest charge will rise to fifty cents on the dollar in the next few years; and the carrying charges on the direct debt are growing equally rapidly.

And we have every reason to believe that these carrying costs may be increasing dramatically, for in his Budget, the Minister shows an outstanding debt of 180 million Swiss francs, to use one example. The dollar equivalent of that debt is shown as \$61.3 million. But that is the dollar equivalent as at the time the debts were incurred.

What is the dollar equivalent after the recent falls in the Canadian dollar? And what is effective interest rate now, after the falls in the Canadian dollar? And what are the real carrying charges for this debt now, after the fall in the Canadian dollar?

We know that my honourable friend has to state the debt in a constant way, but we think that it would be prudent for the Minister of Finance of this province to indicate year by year what the fluctuations are in this debt, relative to the position of the Canadian dollar, particularly on issues that are maturing.

Mr. Speaker, the rate at which the borrowings of this government are increasing is simply not prudent. The growth in the carrying costs, costs that must be borne by the people of Manitoba, cannot be as easily disregarded as the First Minister would like them to be. The uncontrollable and the indeterminate cost of borrowing in foreign currencies, in view of the generally acknowledged fact that Canada's currency has for some time been drastically over valued, is becoming less prudent every day.

It is worth noting when we speak of debt, Mr. Speaker, that when the government prepared a prospectus, dated December 1st, 1976, to show the investors as part of Hydro's borrowing program, they showed the amount of income tax they would collect this year as the total amount collected net of the grants for municipalities only. But in this Budget, prepared for the people of Manitoba, they show the total income tax collections net of unconditional grants and of both property and cost of living tax credits, thus managing to understate the actual amounts paid by Manitoba taxpayers by something more than \$100 million.

Now I know, Mr. Speaker, that the Minister of Finance and others are going to say, "But other provinces do the same thing." But does that really make it right? It does not tell the actual truth about how much is paid by Manitobans. There is a redistribution factor taking place, albeit, and it is good and it is helpful. But why don't we tell the people of Manitoba in our document, as we tell the foreign investors in the documents that we print, as recently as four months ago, what the total income tax take is? I don't fault the Minister in this respect, for trying to hide it. He and his staff have footnoted it in the Estimates, they footnote it in some of the tables at least that I have seen in the time that I have had to look at all the tables attached to his Budget statement. But, why don't we just say that we collect or are going to collect, as I recall the figure, \$290 million this year and that \$100 million or more of that is going to be paid back in tax credits and so on and that is part of the redistribution program of government?

My honourable friend doesn't apply that principle with respect to welfare payments. He collects money from the people of Manitoba through personal income tax, corporation tax, all other taxes, when he pays out welfare payments, he doesn't deduct those from personal income tax and that is an example of redistribution the same as tax rebates are. So, why does he not tell us how much is paid by Manitobans, as he tells foreign investors?

Mr. Speaker, even after taking into account all of the plain bad financial practice that is reflected in this Budget, as it is in so much that this government does, even after taking into account the alarming and imprudent expansion of public indebtedness that continues in this Budget as it has in past Budgets prepared by this government, we still have not come to the most important criticism that can and should be made of this Budget. That criticism is that this Budget contains no direction, no strategy for the Eighties. There is no acknowledgement of the deep seated, long term problems that plague our economy and threaten the well-being of our people.

The Budget does include a crisis kind of acknowledgement of unemployment but it brings no sound or responsible plan to deal with that problem in the only way that it can be dealt with, by stimulating the creation of more jobs, particularly in the productive private sector of our economy.

I say that the Budget contains no strategy for the Eighties. But the Minister and his colleagues do have a strategy, not simply for the Eighties, not simply for Manitoba, but for every decade and every place where Socialists control the reins of government. That strategy has been stated as clearly as anyone could ever wish it to be stated, not by the Minister of Finance in this Budget, but by the First Minister.

Two and one half times one, that is the strategy of the government. Two and one half times one, that's the strategy of this government and the strategy of this party, two and a half times one. We know the First Minister doesn't like to talk about it any more. He doesn't like to talk about it but we know, we know that that's the strategy.

The Minister of Finance doesn't have to propound this as the strategy of this government, we know, he has been told by the First Minister — two and a half times one. Well, Mr. Speaker, this government will happily sacrifice the employment opportunities of hundreds of young Manitobans in favour of a tax regime that punishes endeavour and restricts the hopes and the aspirations of

everyone in Manitoba.

And my honourable friends opposite will remember, as vividly as I do, that when the First Minister was giving his famous two and a half times one speech, the lifting of the curtain, the peaking out of the Socialist leg, so to speak, he also talked about some of the other kinds of social and economic regimentation that they would like to impose upon the people of Manitoba, if they are given that chance for another four years.

What about conspicuous consumption, how the First Minister and his colleagues frown upon people jetting off to southern climes? That is a terrible thing, said the First Minister. All of these secretaries, all of these farmers, all of these people who have worked to save their own money and who want to take advantage of what is a contemporary means of relaxation and holiday taking, all of these people — that's conspicuous consumption said the First Minister when he revealed the true thrust of this document and the true thrust and direction of this government — conspicuous consumption.

Well, Mr. Speaker, we'll see to that, says the Minister of Finance and the First Minister and their colleagues, there won't be any conspicuous consumption in Manitoba, because we'll take and take and take until there is no money left for savings for any conspicuous consumption.

Or alternately, they will drive people out of Manitoba where they can go to governments that won't try to regiment their private and personal lives in such matters as where they travel and such matters as to how well they love their sister or their brother in tax purposes, and all of these other unwarranted intrusions into private lifestyles that this government seems so wont to want to interfere with. And then they wonder why the people of Manitoba have had enough of them.

Well, in the name of equity the First Minister and his friends have imposed tax rates, not on huge corporations, but on the small businesses that employ most Manitobans, that are 44 percent higher than those imposed in neighbouring Ontario. These higher taxes mean that there are going to be fewer jobs created — of course they do. But unemployment has always been part and parcel of this strange strategy that my honourable friends opposite seem to be propogating.

And in the name of equity the First Minister and his friends impose a capital tax that makes unrealistic demands, not on the huge corporations they claim to abhor, but on the small businesses they claim to be encouraging.

A MEMBER: Tell us about Ontario.

MR. LYON: Well, Ontario just raised the capital tax, Ontario just raised the capital tax. But the small business people in Ontario don't have to pay the same rates of taxation that they do in Manitoba, but they have to pay this tax, that is true and that proves nothing. It proves nothing except that the Province of Ontario understands where job creation takes place when it comes to apply the corporate tax which is the big tax in terms of stimulating small business in any province.

So, Mr. Speaker, they impose the succession duty and gift taxes that attack the ability of young people to establish themselves on farms or in small business enterprises.

This envy ridden strategy of theirs, their strategy not just for the Eighties, but their strategy for all seasons, is attacking the hopes and the aspirations and the prospects of people all over Manitoba, people who aspire to improve themselves. But in this Budget it is reconfirmed, this Budget contains no plan for the future, instead it ignores the future, it pretends the future is only four months long. Instead this Budget dwells almost exclusively on the past. It counts the phoney gains of inflation as net achievements of this government, but it contains no undertakings to face the challenges of the future, save the sterile doctrine of two and a half times one which they don't even dare mention in the body of the Budget.

It brings forward no program, no direction, no strategy for the government over the next year. Instead it promises that soon the government will bring forward a massive program of direct government employment. Well, there are many questions that could be asked about that program, Mr. Speaker, and there are many forms that it can take. And I've suggested some, in a speculative way, this afternoon that my honourable friend will probably be considering over the next few days.

Within the past year, as the government well knows, there have been 10,000 new people who entered our labour force but only 2,000 new jobs were created. And there can be claim that this condition in this province is new, or that the government can justifiably say that they haven't had time to prepare the program? They've known of these facts. Questions have been asked in this House several weeks ago about what the government was planning to do. And the old fob-off was given, wait for the Budget.

We waited for the Budget, and what did we hear? Very little. Wait for another ten days. But in the meantime, of course, we've got a nearly balanced Budget. Well, that isn't going to wash.

Mr. Speaker, we are sure that the 32'000 people in Manitoba who are out of work would like to hear this question answered and hear it answered soon. It should have been answered in the Budget document itself.

Well, Mr. Speaker, the second question we must ask the government is just what is to happen in four months time when this band-aid program that they're talking about ends. Will they offer

unemployed Manitobans four months employment? Will it be direct employment which is NDP-talk for more make-work government jobs? At the end of that four months, what's going to happen? It may well be true that at the end of this program the people who work in these jobs will qualify for federal unemployment insurance payments.

Surely even the NDP, Mr. Speaker, understand that the young people of Manitoba want something more from their government than a multi-million dollar short cut onto UIC benefits. They want meaningful jobs, longlasting jobs in the private sector and they want them in their own province. And they are getting nothing from this government but hostility to the very job-creating sector of the economy that can best provide them.

Well, Mr. Speaker, twice in this Budget address the Minister advances the two extreme and opposite methods of dealing with unemployment. On the one hand, he speaks of massive programs of direct employment — and obviously that's the one he prefers, until we hear otherwise — and the government should simply tax more money away from everyone and hire the people who are out of work. And on the other hand, he speaks of incentives and give-aways to huge corporations and major investors. He won't have any of that. And that, of course, is deeply offensive. Never mind that it might contribute to the formation, not of short-term make-work jobs, but of long-term permanent career opportunities for the people of Manitoba. Businessmen, in the eyes of my honourable friends opposite, Mr. Speaker, are evil and the NDP will have no truck or trade with them even though the unemployment figures continue to soar.

Since these are the only two responses that we've heard of so far, they have no option, or very little option except to go out and to buy or to beg, or to tax more money to pay for job creation.

Mr. Speaker, a Budget, even an election Budget, must concern itself with more than four months of employment. It must respond in a sound and an effective way and in a humane and a realistic way to the changes that are occurring in Manitoba. And this Budget has failed to do that but I suggest that the next Budget prepared by a government in Manitoba will. That Budget will be prepared by a new government, by our party, and the failure of this government to come to grips with the real changes that government must respond to in this province is one of the reasons this will prove to be their last Budget.

Mr. Speaker, that next Budget Address will begin, not with a collection of debating points and straw-man comparisons with the distant past, it will begin with a frank and straightforward statement of the long-term obligations that a government in Manitoba must face today.

And I pray God, Mr. Speaker, that a new administration will not find, as the new administration did in British Columbia, the dismal state of finances of that NDP government when this government is succeeded by another government. We don't need any \$581 million deficits in Manitoba and I'm sure they're not here. But I do hope that we'll find the state of affairs in better shape than Mr. Bennett found them in British Columbia after only three and a half years of a government motivated and animated by the same curious philosophy as my honourable friends opposite.

Well, Mr. Speaker, the population of Manitoba is changing and as our population changes the priorities and the programs of government must be reassessed to assure that the people of Manitoba continue to be well served by their government.

The most important changes in our population are two and I've mentioned them before and I mention them again for re-emphasis. The large numbers of young people who were born in the late forties and early fifties are now in or entering our labour force. They need housing. They need proper health care but most of all, Mr. Speaker, they need real and secure and long-term employment opportunities. Those opportunities can only be found in the productive private sector of our economy and they will only be found with proper leadership from government.

The second important change in our population is that a growing proportion of our people in Manitoba are becoming aged. The aged among us have a right to demand and to receive the kind of generous security, the support and the services that they require in order to remain as active and as independent as possible. They have a right to demand to receive appropriate forms and kinds of health care. And meeting these legitimate demands, without compromising the other vital services of government, presents the kind of real and serious challenge that this government has failed to meet. But those challenges must be met and they must be met without continuing a regime of taxation that cripples our ability to create the employment Manitobans need, and without further profligate increases in public indebtedness.

To achieve this the existing spending patterns of government must be reassessed. Tighter and more effective financial controls must and will be placed on all operations of government. The spending and borrowing of government cannot any longer be permitted to grow more quickly than the growth of our total wealth in Manitoba.

In our opinion, one of the best ways to encourage the creation of jobs that Manitobans need, and to contribute to the general prosperity of everyone in Manitoba, is to control the burden of government on our economy. But the greatest gains, Mr. Speaker, in employment and general prosperity that can be made in Manitoba will, in our view, be made through the efforts of the literally

hundreds of small businesses that already employ the majority of our people and the ability of these smaller enterprises to grow and to prosper is directly affected by the levels of taxation. Accordingly, the small business tax rate, now 44 percent higher than Ontario's, should be reduced. Succession duties should be abolished to encourage the operation and establishment of family-owned businesses in Manitoba. Why? To create employment, to create employment.

My honourable friends opposite, Mr. Speaker, just revealed, in their pristine way, what taxation means to them. All of the money of the people is theirs. Anything they give back is out of the goodness of their heart; subsidies to the people. We know that that kind of wrong-headed thinking, looking through the sewer pipe of life through the wrong end, typifies this government and the people of Manitoba have had enough of it and won't tolerate it anymore.

Mr. Speaker, at the same time we recognize the effect of total demand on all business activity and the creation of jobs. Accordingly, there should be cuts in personal income taxes to permit Manitobans, themselves, to spend A GREATER SHARE OF THE INCOMES THAT THEY WORKED TO EARN.

It may be lost on the Honourable the Minister of Public Works but the money he and his colleagues tax away at what was, up until Friday, the highest personal tax rate in Canada, is somebody else's money. It's not the government's money. It's not the private preserve of any collection of Socialists; of any collection of Conservatives; of any collection of Liberals. It's the people's money. It's their money; they worked to earn it. Government's job is to be a trustee of that money and to spend it prudently on behalf of the people for services that the people want, not for predetermined ideological and philosophical bents that these particular people, Mr. Speaker, wish to hie off after which have no relationship whatsoever (a) to the public interest, or (b) to what the people of Manitoba want.

In order to make these kinds of tax reductions possible, Mr. Speaker, while still preserving the ability of government to act responsibly, to meet the needs of the growing numbers of our people who are becoming aged, and those of other groups, like our native people who deserve the support and encouragement of government in their efforts to build their own prosperity in Manitoba, government spending in other less essential areas must be brought back under control.

And I listened with a great deal of interest the other day to the Minister, Mr. Speaker, talking about the native people of Manitoba having found their place in the sun under the NDP. Well, that's not what the native people are telling me. What they are telling me is that they see armies of bureaucrats flying in to northern remote settlements in fat government planes, with fat and burgeoning government briefcases, trying to tell them how to run their lives in the north and then flying back to Winnipeg the next day, having achieved nothing in the interests of those people whatsoever.

When this government is prepared to sit down and consult properly, Mr. Speaker, with native people, with farm people, with school teachers, with doctors, with all sectors of the economy . . .

A MEMBER: Don't forget labour.

MR. LYON: And labour, with all sectors of the economy, instead of being preoccupied with only one narrow sector, as my honourable friends are; when they are prepared to govern on behalf of all of the people of Manitoba, not their particular narrow constituency, then we might begin to have a government that would have a message to deliver in its Budget Speech in this rather perilous year in terms of our economic future.

We haven't got that kind of a government, we haven't had that kind of a government. We haven't got that kind of a government that feels the responsibility to govern on behalf of all of the people. They are burdened down with their petty little socialist prejudices so they can't govern on behalf of doctors or teachers, on behalf of farmers, or on behalf even of labour.

And, Mr. Speaker, I want to tell you . . . I want to tell you that if ever there was a clean manifestation of the kind of failure of this government with respect to its responsibilities to all sectors of the community of Manitoba, it came about in the beef marketing vote. Here was a government that didn't consult with the beef marketing farmers in Manitoba. It said, "this is what we think would be best for you." If they had gone out and talked to them, they would have found out what would have been best, but they didn't. The Minister had his own peculiar little plan and he had a referendum on his plan. And what did the people of Manitoba, the beef producers of Manitoba tell him about his little referendum and his little quiet plan that he was going to impose upon them? They told him, 77 to 23, take your plan and stuff it, Mr. Minister. That is exactly what they told him.

And, Mr. Speaker, that is only one example. That is only one example . . . —(Interjections)—

Mr. Speaker, unlike the Minister of Municipal Affairs who is new to the ways of this House, unlike the Minister of Municipal Affairs, some of us have at least school boy arithmetic and we know what the outcome of that vote was and he better watch out because we may see another vote in his particular area that he may not approve of either.

Well, Mr. Speaker, I say this, there must be a complete review and re-evaluation of all current government spending. That review must include the use of zero base budgeting techniques in

evaluating all major activities of government to permit the identification of those government activities and programs which should be cut back, eliminated, enhanced or whatever, according to the hard facts when the ZBB approach is made to them.

It should concentrate on controlling general administrative costs, which, as I have already noted, Mr. Speaker, are higher within the Manitoba government than all but two other provincial governments in Canada.

It should include a careful review of all government activities to ascertain which, if any, may be more economically performed by the private sector.

The Minister of Municipal Affairs wants to know which two — gladly, Prince Edward Island and Alberta. Prince Edward Island, the smallest province in Canada, and Alberta, the richest, and we are third to the two of them.

Now, Mr. Speaker, it should include a careful review of all government activities to ascertain which, if any, may be more economically performed by the private sector. Government doesn't run anything particularly well. Anybody who has been in government, God knows, should know that fundamental fact. We used to think that government could run the utilities. After eight years of this government, they have proved even that to be faulty.

So, Mr. Speaker, we should review all government activities to ascertain which may more economically be performed by the private sector.

It should also include, a new Budget, a complete freeze on hirings within the Civil Service and particularly contract employees who circumvent the Civil Service, and a general reduction in the total number of staff through attrition principle, not with the idea that you are going to go around with a broad axe or anything of that nature at all, but through attrition to make sure that the staff is functioning in Manitoba, that the taxpayers of Manitoba — and this should be the test — that the taxpayers of Manitoba are getting a dollar's worth of value for a dollar's worth of taxes paid.

And, Mr. Speaker, I have never run across any civil servant, any of the long term career civil servants in this province, who disagreed one iota with that statement, even though my honourable friends may have some friends cubby-holed away somewhere on the government payroll who would object to it.

A MEMBER: Either that or on the strike line somewhere.

MR. LYON: Mr. Speaker, this kind of review should be augmented by an internal reallocation of government employees into areas of government activity that are considered to be priority areas, including the development of services and facilities to meet the needs of senior citizens.

Costly government involvement in enterprises more efficiently performed by private enterprise should be wound up.

The Financial Administration Act should be overhauled to permit the Legislature more effectively to oversee the spending of government. Programs of construction of additional government buildings should be halted.

Mr. Speaker, when we talk about government enterprises, we mean that they should be wound up and turned over to the private sector to maintain the jobs where the jobs are viable.

Only in this way, Mr. Speaker, through the firmest possible control of government spending and the elimination of waste, can government be prevented from contributing further to inflation in Manitoba, as this Budget is. And only in this way can the tax reductions necessary to encourage the development of jobs that Manitobans need be made without further adding to the already imprudently high levels of public indebtedness in Manitoba.

The dual challenge presented to government by the changes in our population that I have mentioned before, the need to encourage and support the creation of more jobs in the private sector and the need to meet the legitimate demands of the growing proportion of our population that is becoming aged, demand that kind of a Budget from the Government of Manitoba today but we are not getting it. Instead the Minister has stood up and he has read from this tired little document, with its fullsome self-congratulations, its dwelling on the past, and its feather-weight substance.

Mr. Speaker, this Budget has proven that the spending of this government is out of control. And as long as that is true, no government can prepare the kind of Budget that Manitoba needs today. There is no word of economy, no word of serious restraint, instead we have self-congratulation and even that isn't good enough.

As the Minister of Finance spoke to us on Friday, I could not help but think that it was a little unfair that this decent, honest and loyal Minister should present his first Budget only now, after this government has lost the ability even to prepare a Budget that can strike any answering chord among the people of Manitoba.

The Minister said, at the conclusion of his speech and I quote: "Rhetoric, no matter how forceful, will not cover up its failing." I say "Amen" to that, I say "Amen" because the Minister's rhetoric certainly does not cover up the failings of this document that he presented to us on Friday.

And so he stood and praised himself and his colleagues and talked about the past and then he sat down. And I am sure he felt, as we on this side of the House felt, Mr. Speaker, a sense of anti-climax.

He brought forward a Budget with an indeterminate deficit and he described it as "almost balanced." And he responded to the challenge of unemployment with a little four month make-work project that we have yet to hear about, and some of the speculations that we have heard of, as I mentioned to him today. Let's bring it on. Why wasn't it part of the Budget so we would know? He adjusted one tax here and another tax there, but he gave no direction for the future of Manitoba.

Mr. Speaker, in his final words, the Minister said, "This Budget will get the job done." Well, we beg to disagree. This Budget won't even get the election won for the First Minister and that was the main purpose of it. It won't even do that. We beg to disagree. This Budget doesn't even acknowledge the problem. It is the document of a tired and a spirited and a spiritless group. It will not get the job done, Mr. Speaker. This Budget deserves to be turned back to those who created it.

So, Mr. Speaker, I beg to move, seconded by the Honourable the Member for Lakeside, THAT the motion be amended by striking out all of the words after the word "that" in the first line of the motion and substituting instead the following: "that this House regrets that this government:

1. has failed in this Budget to acknowledge the dual challenges to government presented by the . ' growing numbers of young people who are unable to find jobs and by the growing proportion of our population which is becoming aged.

2. Has failed to provide stimulus to the creation of jobs by the productive private sector of our economy, preferring instead to rely on temporary government make-work projects which do nothing to deal with the long-term problems of the unemployed.

3. Has failed to review or constrain the increasing spending of government, or to adopt common sense priorities in the allocation of tax revenues and so is unable to make significant tax reductions or to control the growth of public debt, thereby aggravating the continuing problem of inflation.

4. Has failed to provide leadership or direction to Manitoba for the future.

MOTION presented.

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

MR. SAUL CHERNIACK: Mr. Speaker, harking back to the conclusion of the Honourable Leader of the Opposition's address on the Throne Speech, I would be presumed to be accepting his invitation to rise after him, but the fact is I really had doubts as to whether or not I should do so. Well, it's fair game. The Leader of the Opposition has made his speech, now we have to have his press conference and one of the reasons that I had doubts about whether or not to follow him was that I have felt in the past that the news media was more inclined to report, properly, on what the Leader of the Opposition would have to say so that they can give that report and they have usually neglected to give much coverage to the person who follows him and that's understandable, Mr. Speaker. The only trouble is that as I listened carefully, and I did listen carefully to what he had to say, I came to the conclusion that really the news media will not have much to report about what it is that the Leader of the Opposition would like to lead the Manitoba people to feel confident that they will see as a program, as a positive program, of the Conservative Party and I think it is a fair statement to say that, indeed, his speech — and incidentally I'm sorry the Member for River Heights just left, but the Member for Flin Flon and I were sitting here looking at the Member for River Heights and sort of trying to put ourselves into his mind to see how he was reacting to what he was listening to and, Mr. Speaker, I think that he was learning today why it is that it was he who was replaced by the present Leader of the Opposition because, Mr. Speaker, we used to criticize the former Leader of the Opposition, the Member for River Heights, and I remember saying that he was one of our greatest assets on that side of the House for several reasons: (1) he had a program; and (2) it was not accepted by his caucus; and therefore, when he spoke, he did not speak for his caucus but indeed he spoke in such a way as to make the caucus programs ludicrous.

Now, Mr. Speaker, he listened as I did to the present Leader of the Opposition and we heard what it is that really is the spokesperson and the program of the Opposition and that is, attack, use violent language, try and create more and more diversion in the minds of the people, try to create more and more dislike, hate, use invective. That is the technique and present no positive program as to what it is that the Conservative Party could offer. And that's the difference, there is a difference between the two and indeed the present Leader of the Opposition truly reflects his own caucus, , truly reflects his own party.

May I say also, Mr. Speaker, that having had the opportunity to read the 1977 Annual Meeting Policy Papers for discussion purposes presented by the Leader of the Official Opposition, one now finds that the only driving force for the Leader of the Opposition is to get into government any which way at all. Promise the moon. Promise the moon and indeed when it comes to promising the moon he takes the programs of the NDP, the programs of this government, he accepts them, he endorses them and then he promises administrative improvements, cut taxes — (Interjection) — oh yes, but that's the point. One of the members on our side just interrupted me by calling out, "cut taxes." That is not true, that is really not quite true. He does promise to abolish certain taxes, he does promise to cut down on bureaucracy, he does promise to control waste — Who wouldn't? I would do my best to do the very same thing — but then when it is thought that he is promising a tax reduction, you know what he says

in this policy paper, which was distributed and discussed? Do you know what he says? I wish the pages were numbered so that I could refer to the page number, but it comes under the page entitled, "Taxation in Manitoba." Oh, remove nuisance taxes — Oh, big one — the tax on slide-on camper trailers. That's a commitment. A commitment. He's going to remove the tax on slide-on camper trailers for pickup trucks. But, do you know what he says? I think it's important to know what he says. "To proceed with tax reductions only as it becomes financially feasible as a result of savings in the operation of government and through growth in the economy." That's what he said. That's what he says.

A MEMBER: Does it mean anything?

MR. CHERNIACK: Yes. It means he's not going to cut taxes.

A MEMBER: I know.

MR. CHERNIACK: It means that he will not cut taxes but only as it becomes financially feasible and, you know, I'm prepared to make that pledge on behalf of this government, I don't have the authority too, but —(Interjection)— Yes, of course.

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

MR. WALLY JOHANNSON: In view of the fact that the Honourable Member for Souris-Killarney also raised the possibility that they may find a larger deficit than is shown in the budget figures, would the member include this as another hedge that the Tories are making or providing?

MR. CHERNIACK: I believe, Mr. Speaker, that just as the Leader of the Opposition chose to talk about the financial manipulation of present Premier Bennett in B.C., just as the present Premier Bennett's father was an expert at showing completely balanced budgets by hiding off debts on to Crown corporations so does the Leader of the Opposition tell us in advance, and the people of Manitoba, that he hasn't the slightest concept if, as and when tax reductions will be effected by the Conservatives. He says, "only as it becomes financially feasible as a result of savings in the operation of government and through growth in economy."

Mr. Speaker, I am not one to call the Leader of the Opposition, or any Member of the House, a liar but when statements are made that are not true, then we can carry on and debate those as well. But the fact that the Member for Lakeside is proud that there is an honest statement, let me remind him that in today's speech, to which he listened very carefully as far as I could see, there was not any mention at all of a reduction only if, as and when. And was that an honest statement? —(Interjection)— Yes, the Member for Lakeside thinks that too was an honest statement. Now we have two honest statements, one which makes a statement about reduction, the other which conceals it and he said, "Yes, that was honest and true." A true follower to a leader and surely I can only commend the Member for Lakeside not to back away and to question that.

Well, Mr. Speaker, I was talking about the invective and the animosity which the Leader of the Opposition attempted to bring and that's much less important, although it is crucial, it is important, it is an indication of a style and it is a style, as I say, I've often criticized the Member for River Heights, but he doesn't bear a candle to the style of the Leader of the Opposition, when it comes to that kind of invective and that kind of distortion. —(Interjection)— Well, you make your own speech.

Mr. Speaker, I would choose to refer to some tables and some facts, because facts are useful in debate. Facts are something that ought to be discussed. The Minister of Finance in his Budget Address did refer to the TED Report, Report of the Commission on Targets for Economic Development. I want to refer to that for a moment. —(Interjection)— Oh, the Member for Sturgeon Creek never wants to look back. The Member for Sturgeon Creek does not want to accept what was done in the past because, Mr. Speaker, it always —(Interjection)— Oh, the Member for Wolsely wants to talk about the past. Let him too be careful. —(Interjection)— No, I don't blame him. He does not want to talk about the past. Why when the Member for St. Matthews wanted to talk about the past as it related to the Member for Wolsely, someone had to rise to his defence in order to prevent the recollection of the past. The Member for Sturgeon Creek has no choice if he wants to remain in this room, he's going to be told something about Targets for Economic Development because, indeed, that was a "Grose" report prepared by the Member for River Heights when he was Leader of the Opposition — I use that word advisedly. It was prepared by Rex Grose on the instructions of the Honourable the Member for River Heights and they said then —(Interjection)— Now please don't interrupt me, I want to go on. They said then, in their target for 1975, personal income *per capita* should be \$2,811, the actual in 1975 was \$3,480.00. They said that the TED target for personal income *per capita*, Mr. Speaker, should be \$3,347 and in 1976 it was \$3,661.00. Oh, but the question should arise in people's minds. What about inflation? Is the dollar worth what it was worth then, because really, if they said in 1976 that the 1980 target should be \$3,347, can you now say \$3,661 is what was accomplished last year? That would be a very fair question. So I have to respond by saying that these are in 1966 dollars and that means, that in spite of all the rhetoric — and I give him full marks for rhetoric — the Leader of the Opposition tried to make it appear as if people had less money today than they had in 1966, or indeed at any time. And the lie is told to that statement by everything we know about the standard of living as it is today compared to what it was. And when we see that the

TED target Report for total personal income in Manitoba was \$3,086 for 1975, we see that it was almost \$500 more, between a sixth and a seventh more in 1975; we note that that was in 1966 dollars. So let us not hear the kind of statements that we have been getting from the Leader of the Opposition without knowing that when he makes a statement, you have to look behind it, you have to question it, you have to challenge it because it is all very well — and we know he spends more time on the election platform than he does in this House. There we have little opportunity to control what he says, but at least what he says in here we have an opportunity to challenge his statements.

He said that the economic situation is worse than as it was presented in the Budget because of actions of our government. Well, let me commend to honourable members, especially those opposite who want to know, that they read not the Budget Address that they heard on Friday, but all the appendices behind that Budget Address, and they will find some very interesting and valuable information which they may not like and which they may not use because it is the truth.

Mr. Speaker, the high and rising ratio of debt, ratio to GPP, which the Leader of the Opposition referred to, is something of significance. The debt to current expenditures was higher in Conservative years, between five and ten percent, than since 1969 when it was between one and four percent and the table is right here to support that, that the debts compared to provincial expenditures was higher in their time than it was in our time.

And then he talked about fiscal irresponsibility. Maybe he wasn't in the House when we were informed that Manitoba's rating was raised to a Double A from what it was in the Conservative years when it was split, and that the pretty intensive review by the Moody firm in New York raised it to a Double A, and that members opposite — I think with the help of the Free Press or maybe *vice versa*, maybe the Free Press with the help of members opposite — tried to challenge the Double A standard unsuccessfully.

The Leader of the Opposition spoke about expenditure increases in the government sector, increase in government sector expenditures. It was 209 percent for Manitoba from 1969 to 1976. It was 218 percent for Canada. So when the Leader of the Opposition chooses, he neglects to say that our expenditure increase in the government sector was less than that of all of Canada.

Unemployment, Mr. Speaker, let's think of that for a minute. He made a to-do about that, Mr. Speaker, and no one wants to minimize how serious the unemployment is today. But, Mr. Speaker, in 1968 when the unemployment was 3.5 percent, the unemployment in Canada was 4.8 percent, i.e., in Manitoba it was 1.3 percent lower than Canada. In 1976 with when unemployment is much more rampant, it was 4.7 percent in Manitoba; it was 7.1 percent in Canada. Manitoba was 2.4 percent lower than Canada. And that is a significant feature. For him to lay the blame for unemployment on the Manitoba government is not only ludicrous, not only silly, to use one of his words, it is downright deceitful.

Mr. Speaker, in 1974 there was around a \$8,000 out-migration a year and now there is a \$4,000 in-migration in 1976. When the Member for Souris-Lansdowne spoke about the 65,000 employment increase from 1969 to 1976, he claims the increase was only 30,000. Well, I have here the Historical Labour Force Statistics, actual data, seasonal factors seasonally adjusted data of Statistics Canada for 1976. And on Page 40 under the column "Employment Manitoba Total," under December, 1969, it reads 364,000. Under December, 1976, it reads 428,000. And if one deducts the 1969 figure from the 1976 figure, one finds 64,000. And this is a Statistics Canada report.

A MEMBER: again.

MR. CHERNIACK: An increase of 64,000. It is certainly a distortion again, Mr. Speaker.

As to public sector employment, there was an increase which is less than the increase in services in 1969. Manitoba has a below-average civil service per capita among the Canadian provinces, but it has amongst the highest list of services. But I guess the Leader of the Opposition would rather not repeat that. After all he is fighting an election now. He is happy for the opportunity to distort and he is happy with the assistance he gets from outside factors.

Mr. Speaker, he mentioned that the tax burden discourages investment, business investment. The total new investment in 1976 was sixteen percent increase. The total new investment in primary and construction, which includes mining incidentally, was seventeen percent in 1976. He would rather not repeat that figure.

As to business investment, Mr. Speaker, most businesses are now operating substantially below their capacity. We heard all over that most businesses are operating at 80 percent of capacity. And the Leader of the Opposition and his party wishes to give incentives. For what purpose? For what purpose? They are under capacity now, they are operating only at 80 percent. He wants to give them tax incentives, in order to do what? To create useless and insufficient expansion when indeed they have the capacity now to increase.

As a matter of fact a new survey by the conference board dealing with business attitudes shows that the major factor holding them back from investing is weak demand and not the absence of funds. —(Interjection)— But rather weak demand because of the economy today. There is unemployment.

The Member for Lakeside didn't know. He didn't know that there is a weak demand. There are people who are unemployed. Did the Member for Lakeside know that? No, the Member for Lakeside would rather create greater reductions for people in wealth than to do as we have done, to create a tax rebate in the hands of those people who cannot save, who cannot invest in RRSPs, who cannot take advantage of the income tax benefits that are available to the rich. Those are the people to whom this government is giving rebates to increase their buying power so that they will create a demand rather than investment opportunities or investment in political funds for political parties that support them.

Mr. Speaker, let's talk about general business taxation arguments. If the Member for Minnedosa wishes to ask a question, I will be glad to receive it. —(Interjection)— Oh, I have his permission to carry on. I appreciate that.

The Leader of the Conservative Party, Mr. Speaker, ignores the many tax incentives that are already in place in the Manitoba income tax system. We have to realize that they are there and they are there because we use the same taxable income definitions as the Federal Government, so let us recognize them for what they are.

There is a capital cost allowance which permits corporations to write off capital expenditures faster than actual wear and tear. Do we know that? Do the people of Manitoba know that when the Leader of the Opposition goes out and makes his speeches? Is he aware that there is now a two-year fast writeoff provision in -/ which we participate? Does he know that there is a 25 percent earned depletion allowance for resource operators which we participate in? Does he know that there is a 25 percent resource allowance itself? Does he know that there are write-offs for exploration and development, all of which are factors in our own tax system? Does he know that in conjunction with the last federal budget we have a new write-off for 1977, three percent of inventories that were in place at the beginning of the year. And the federal cost of that is \$300 million. And for Manitoba, the corporate incentive we calculate to be \$500 million. Does he know that, or would he rather just talk about small businesses and worry about them?

Well, then, he should examine that capital tax which he now admitted has gone up in the Ontario government from one-fifth to three-tenths. Our tax was one-fifth; so was theirs, but they went up. And they went up by 50 percent, an increase of 50 percent, Mr. Speaker. Indeed the capital tax which we introduced is one-fifth in Quebec; it is one-fifth in B.C.; it is one-fifth in Manitoba; it is now three-fifths in Ontario. But I want the Leader of the Opposition to know and I wonder if members —(Interjection) — I said three-fifths, I was in error. Three-fifths would be worse, but three-tenths is pretty bad because, Mr. Speaker, in Manitoba we exempt all businesses whose income is less than \$100,000.00. Does the Member for Souris-Lansdowne know? I wonder if the Member for Lakeside knew that? Oh, he is nodding his head as if he knew it. Well, Mr. Speaker, the difference between exempting small business, if you think that \$100,000, is not small business, the difference is that they don't pay one-fifth, nor in Ontario would they pay the three-fifths if Ontario exempted them, but Ontario doesn't exempt them. So that when the Leader of the Opposition — and hear me, members of the opposition — I know one of them is listening. Mr. Speaker, when the Leader of the Opposition says it's forty-four percent in Manitoba, forty-four percent higher than for small business than in Ontario — it's not true, it's not true. Because when you say that you do not accept the fact at all, that the corporation capital tax in Ontario is three-tenths of one percent of the capital utilized, whereas in Manitoba it is not a penny for those businesses that earn less than \$100,000.00. Now I recall the Member for St. James on one occasion called the small business, I think he said \$3 million, \$4 million could still be a small business. Well let me tell members opposite that if they believe — I know the Member for St. James isn't here, and he can't question my statement but he certainly will have the opportunity and if I'm wrong I'll withdraw it which is more than I can say for some members opposite as far as that is concerned — but the Leader of the Opposition should know that every time he says forty-four percent, and his arithmetic is right, 13 percent is forty-four percent higher than 9 percent, his arithmetic is right but he distorts the truth when he does not accept the fact that small business in Ontario is paying three-tenths of one percent of its capital used, whereas in Manitoba, they do not.

Mr. Speaker, I want to spend a moment on the insulation tax, and on the great promise by the Leader of the Opposition and his criticism. I want to tell you, Mr. Speaker, and I will make this admission. I was very much unenthused about the thought that we will help the energy conservation by reducing what? A five percent sales tax on material, on insulation material. I wonder if members opposite realize just how much that could be? I don't know myself how much it costs to insulate a house that has not been insulated. I imagine the material —(Interjection)— \$300 to \$1,000 but I think that would include labour, certainly would include labour. So the Member for Swan River who has a log house that you can't insulate, and I must remind him that I have a claim on that house, Mr. Speaker, the insulation, the great proposal by this government, and supported by the members opposite, is that five percent of the cost of the insulation, not the labour, will be reduced. How much of an incentive will that be? How much of an incentive is that compared with that tremendous concept, I believe it is, of lending to people the moneys with which they can do the job? Never mind an incentive of five percent of the cost of the material, an opportunity to borrow in full the amount to

do that job and with the money that is saved, and presumably money will be saved, to be able to repay the capital cost at fair interest rates. But you know the Leader of the Opposition, I wonder if he realizes what a foolish concept he proposed.

But before I get to that let me just mention that he bemoaned the fact that the commercial dealers are not being offered this tax. Let me point out to him that the commercial dealers today, people who are able to charge up costs against income tax are able to take the sales tax they pay and charge it as an expense and knock off 51 percent of that from their taxes, where indeed, the taxes probably only cost them about two point something percent, the sales tax, they are able to do it. But he ignores that because his whole speech and somebody should read it carefully — you don't have to read it carefully, it's so obvious — it caters to business and big business. He talks about small business, he talks about the farmer, he means big business, he means the man of great wealth. Do you know what he was saying, Mr. Speaker? He was saying, give an incentive to people to conserve energy by removing the sales tax, that five percent sales tax. Why it will be an incentive, they will do things that are necessary to cut down the use of energy. Do you know what he said the next sentence? Do you remember gentlemen opposite? The next sentence he said was, cut out the five percent tax on energy. Do you know what that means, Mr. Speaker? You give an incentive to a person to insulate his house so that he should conserve on energy. The next thing he says is reduce the cost of energy so that what is the conclusion? Reduce the cost of energy. Look at that reasoning, Mr. Speaker. — (Interjections)— Now, Mr. Speaker, I'm glad that the Member for Lakeside made that statement, because the fact is that hydro costs are no greater compared with other energy costs across this country in increase than anywhere else, and it is people like the Member for Roblin, and maybe joined by the Member for Lakeside who are prepared to go out and confuse the people and tell them a story which has no basis in fact, and by now I'm saying this, Mr. Speaker, because I don't know, I really don't know if the Member for Roblin's bill jumped 500 percent. He said it went from \$10.00 to \$50.00, and I can only credit him with the honesty and integrity that any Member of the House deserves to be credited with until proven differently that he meant it was with the same amount of consumption. He had to say that if he wanted to be honest about it. So if it's 500 percent, I have to tell him his leader said it's an increase of 108 percent. So let's remember that, and I'll pass on, Mr. Speaker.

These cracks that we get from the Leader from the Opposition and others about mismanagement of hydro — yesterday I heard him on the radio make some remark that our leader was prepared to say outside the House that the statements attributing to — let me put it in my words — engineers of Hydro were forced by political decision to follow the rules laid down by the politicians, and when our Leader, when the Premier made the statement that these are lying statements, the Leader of the Opposition said he wouldn't say that in the House, at least that's what I heard him say on TV last night. He'll say it out there, he won't say it in the House. It's been said in this House by the Premier, it's been said by Mr. Bateman, it's been said by the engineers whose integrity is being attacked constantly by the Conservative Party. It is being told to all the people of Manitoba and elsewhere including the people who are being asked to invest money in hydro that their engineers, Hydro engineers, are prepared to bow to political pressure, that they are prepared to accept that — (Interjection)— and they have. The Member for Lakeside, he was nodding his head, but I was not going to interpret it for now, I was not going to interpret his nod, but I will now say that he said just now, that they have. He said the engineers of Hydro bowed to political pressure, and he's confirming it, Mr. Speaker. . .

MR. SPEAKER: Order please.

MR. CHERNIACK: Now that is the kind of statement that is being made. . .

MR. SPEAKER: Order please.

MR. CHERNIACK: It is the Leader of the Opposition who had the nerve to say that the Premier wouldn't say that here. I've just said it here, Mr. Speaker. In case there's any doubt about it, I have said it. I think that to say that the professional engineers of Hydro were subject to political pressure and bowed to that political pressure is repeating a lie. It is demeaning of the engineers of Hydro and it is supported by one engineer— (Interjection)— That's right, that's right Of course he doesn't say that, it's only the politicians opposite that have been saying that. It's the politicians opposite who are so hungry, so hungry for power they will cater at every . . . the voters from the man who will pretend that his bill rose from \$10.00 to \$50.00, the same ones will impugn all the integrity of professional people in Hydro in order to be able to achieve power. That's the hunger that motivates them, and what do they use? And when I referred to the one engineer, it is a calculation made in a casual way on one sheet of paper by a man who I believe admits that he did not know all the facts, who believes, and I'll give him marks for sincerity, I don't know him, why should I impugn his integrity the way members opposite are prepared to impugn others integrity, but I can only say I believe that he thinks that given certain hypotheses which he postulates, there could have been an increased cost. That is the engineer that is used as their basis for what I consider is the big lie, Mr. Speaker. One looks at that latest advertisement of theirs, that full-page ad that has appeared in every newspaper I have seen, and there are many, all of this ends up in a lie.

Mr. Speaker, I want to comment on the Ministry meaning.

MR. SPEAKER: Five minutes.

MR. CHERNIACK: Thank you, Mr. Speaker. I won't be able to deal with it all, of course not, of course I can't deal with it all. So I want to comment about the fact that the Leader of the Opposition in making his speech today on the budget did not give one proposal relating to program. He said, "We will cut expense." He said —(Interjection)— Oh, the Member for Lakeside recognizes that he didn't do it because he promised it. There is still a promise. "We will," he said.

There was discussion on reducing the taxation. There was discussing of speaking nicely to people. They promised that they would cater to all the people that they feel are being harshly done by. They are not talking about programs, about social programs, about economic programs, they are not talking about any programs of any concept. Indeed they have bought ours holus-bolus and that is what I consider the most hypocritical, cynical act of all. —(Interjection)— Yes, yes, I will agree with the Member for Fort Rouge that the Leader of the Opposition, in his hunger for power, will go anywhere to get anything, including the Liberal Party programs in order to curry favour with the electorate. And, Mr. Speaker, he believes sincerely that he will succeed. And Mr. Speaker, in the event that he succeeds, it will be a sorry day in the cynical way in which this is being approached.

And that's why I say, Mr. Speaker, that when the Tory Party last year, through its House Leader, last year said, "We will remove the property tax credit plan," I have yet to hear that statement repeated by the Leader of the Opposition. I haven't heard him deny it either, Mr. Speaker, because he is in a vulnerable position, because the question is: How long do people remember? Like, how long do people remember the attacks on Autopac? How long do people remember the promises by the Tory government that they will bring competition into the field of Autopac? They changed their minds. They stopped saying, "We will cut out Autopac." No, they said, "We will free the enterprise in auto insurance." They said that.

How long will people remember? Well, the Leader of the Opposition is gambling that they will forget. He is gambling that they will accept the fact that — why ' the Tories accept it, just like the Tories accepted Medicare premiums. Wasn't there a vote on one occasion when there was actually a vote against the elimination of —(Interjection)— Oh, the Member for Swan River is still living in the past. We brought in Medicare. You were dragged into Medicare and you imposed a premium to take care of the entire cost of the Provincial Government, plus the cost which was formerly borne of welfare. And you know that the Member for Swan River did not listen to a word because he doesn't want to, because he has more integrity, I believe, than most of the members opposite, and if he listened he would check back on it, and if he heard the truth, he would have to acknowledge it and it hurts him. He wouldn't want to. So I agree with him, don't listen to what I am saying because if you do, you will hear the truth; and if you hear the truth, it will be an embarrassment to you and to your Leader, who has so changed the stripes of your party that it is hard to recognize it. In eliminating the former leader, in coming to his party and showing the rightist side of the Conservative Party, in appealing to the right-wing element within the Conservative Party, he was able to set aside his predecessor, the Member for River Heights. And having done that, and having secured his strike within the party, he is now turning to the electorate of Manitoba and showing them the left-wing aspect. Why, we are here only to protect your money. We don't want to take your money. We want to use it in a way that you want us to use it. So you want elimination of premiums in Medicare? Of course. You want day care centres? Of course. You want to have certain other benefits, Pharmacare? Of course. You want Autopac? Of course. And in the end he is promising nothing more than any NDP government will promise because what he is saying is, if, as and when we are able so to do, we will reduce taxation. And all his promises of a positive nature are in that one sentence contained in his document which he presented, which he said in the main is the philosophy of his party which he espouses "If it is possible to reduce taxation, we will reduce it." But he has forgotten that statement, in this House, anyway.

And Mr. Speaker, I am sure, knowing him as I do, and I have learned to see him in the last month or two, there is not the slightest doubt in my mind that when he gets out on the election platform he will have forgotten that statement completely and he will promise all the benefits we brought in. He will promise tax reductions and he will promise to turn over government and put it in the hands of the people who sit beside him and behind him who have not proven their value to a Cabinet in any way.

MR. SPEAKER: The Honourable Member for Fort Rouge, but I am also prepared to call it 5:30 and let the honourable member start out

MR. AXWORTHY: Mr Speaker, I will be prepared to take the adjournment unless other members wish to speak. I beg to move, seconded by the Member for Assiniboia, that debate be adjourned.

MOTION presented and carried.

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: Mr. Speaker, I now beg to move we call it 5:30 and we adjourn. For some members who seem to misunderstand, the debate on the Budget is adjourned. Tonight we come back to bills.

MR. SPEAKER: Very well. I am calling it 5:30. The House will now recess for the supper hour and reconvene at 8:00 p.m.