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of the
Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS**

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LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, May 25, 1979

Time: 2:30 p.m.

MR. SPEAKER, Hon. Harry E. Graham (Birtle-Russell): Before we proceed, I should like to draw the honourable members' attention to the gallery, where we have 28 students of Grade 4 and 5 standing from the Montrose School. This school is in the constituency of River Heights. On behalf of the honourable members, we welcome you here this afternoon.

I also notice we have another school here; unfortunately I have not been informed of the number of students that are here, but we also welcome you here this afternoon.

BUDGET DEBATE

MR. SPEAKER: The Honourable Minister of Fitness and Amateur Sport has 20 minutes.

MR. BANMAN: Thank you, Mr. Speaker. Before we broke for lunch, I was citing several examples of what had happened when the members opposite had tried their hand at getting involved in business. Mr. Speaker, I was trying to show to the people of Manitoba the type of gall that the gentlemen opposite have in accusing us of certain mismanagement and giving away certain commodities.

Mr. Speaker, the figures that I have cited before speak for themselves, and I'd like to continue with a few more dealings of Saunders Aircraft, which I might add, as tough as it was to get the figures together because the books were not in that good a condition and it was hard to try and finalize some of these things because they were vague and scattered out all over the place.

When we broke for lunch, I was dealing with a particular aircraft that was sold at some half-a-million dollar loss to the Bayview Company of Alberta. This is the one, Mr. Speaker, where the Member for Inkster was involved in trying to arrange financing for that particular aircraft, and Mr. Speaker, as sketchy as some of the details are, I'd like to relate them to the House here today.

Sometime in April of 1974, the MDC board approved a \$708,000 loan financing an aircraft to be sold to Bayview. Two or three days later, the then Minister in charge of the Manitoba Development Corporation wrote the Minister in charge in Alberta, saying that MDC had approved 1/3 of the financing of the Bayview aircraft. Then, Mr. Speaker, for some reason there was a period of time where, in trying to okay the balance of the 2/3 of the financing, the government of the day, through the Member for Inkster, then tried to, or was in the process of trying to get a guarantee from the Alberta government.

Well, Mr. Speaker, that went on for some period of a year, and about May of 1975, almost a year later, that guarantee had not been executed and people at the Manitoba Development Corporation pointed out to the Board of Directors that the \$450,000 guarantee which they were to receive from Alberta, was going to expire on July 17, 1975.

Mr. Speaker, for some reason, and I haven't been able to get to the bottom of it, that guarantee option was never exercised, and that particular aircraft was repossessed in November of 1975 at a loss, Mr. Speaker, to us, which is fairly substantial; it was sold for something like \$600,000.00. We received total payments which amounted to about \$150,000, and then when you deduct the interest for the year and a half that they had the use of that airplane, you find out that we came out of it with very little money. Now not only did we come out of it with very little money, we had an aircraft on our hands, Mr. Speaker, which was in a deplorable condition, which had been run down, and that aircraft after being repaired by Saunders again, was sold to Otonabee a year or so later for \$320,000.00. So you talk about losses of money and people not coming to grips with the problems that we were faced with that particular company.

We had another one, Mr. Speaker. We sold an aircraft to some company down in Barbados. Mr. Speaker, that particular deal was an interesting one because in that deal the Saunderson's people were going to supply to that new company that was going to rent this particular aircraft on a lease-purchase basis. We were going to provide technical representatives for a certain period of time which the new company was going to pay for. We were going to provide management representatives, and as a result of this we had a number of employees from Saunders that moved

down to Barbados to get this new company going. After three months of operation, Mr. Speaker, the operating costs or expenses of this particular company, with our management people and everything, was \$37,180.00. The operating expenses for that period of time were the same, Mr. Speaker, which meant that Saunders was out any money to try and recoup some of the flying time that was involved in this particular instance. It didn't take too long, Mr. Speaker, and after a bit of a harangue back and forth, the airplane after a number of months, I think it was something like a half a year, was returned to the province and was sitting out on the tarmac at Saunders again.

So here we have another loss. Not only did we lose the flying time on that particular machine, we also lost the interest that's involved in that particular outfit, as well as the different trips and out-of-pocket expenses that were incurred at that time, estimated at a low value of about \$50,000.00. Mr. Speaker, another example of what happened with that particular firm.

The other thing I'd like to refer to is a deal that that particular company entered into with another company and that is the Husky Aircraft Program. Mr. Speaker, the residents or the citizens of Manitoba, the taxpayers, lost \$1 million on that particular venture. I guess the members opposite felt that in trying to recoup some of the losses they should diversify some of the particular manufacturing out there or rebuilding, so they entered into an agreement, Saunders did, with a company to rebuild some old Husky aircraft. Well, Mr. Speaker, they succeeded in rebuilding one, one only. They had a bunch of parts lying around for a bunch more, but when that aircraft, Sir, was delivered to this particular company it was made available to them without any finances coming towards the province. In other words, I guess, they thought that some time along they would be repaid for that particular aircraft.

Now in order to protect our investment what should have happened, and I understand somebody fouled up on this and it didn't happen, is that we were supposed to register with the Canadian Transport Commission, the registration and joint ownership, which would have given us a hold should something happen to that aircraft or that particular company. But, Mr. Speaker, what happened is somebody didn't register that. So as a result when this particular company that took delivery of this Husky aircraft went into receivership you had the Saunders' Receiver fighting with this company Receiver for the payment of this particular aircraft. So you had a situation, Mr. Speaker, where it turned out that we had no hold on that aircraft and we lost our total involvement in that. We were left with a bunch of parts, a bunch of jigs and rigs, which, Mr. Speaker, were worthless and, as a result, the taxpayers of Manitoba lost another \$1 million on a venture which, as I said before, does not speak good for the type of moneys and the type of management that was involved by the particular government opposite. And, as I said before, Mr. Speaker, this was all done when the past government was involved under Part II of the Act.

The funds were coming directly from Cabinet, Mr. Speaker; the funds were coming. And I read that off, Mr. Speaker. Mr. Speaker, some of these financing things the Member for Inkster was directly involved in; he was directly involved in, Mr. Speaker. He has got correspondence with different Ministers trying to raise financing. The financing of the Bayview was right in Cabinet. It was with the former First Minister.

Mr. Speaker, I have said before and I said when I started speaking today that I don't think any particular government of any political stripe — and I've said that since I was elected in 1973 — can properly run the affairs of a large company because governments, No. 1, move much too slow. The accountability has to be much too tight and you cannot make those quick business decisions that have to be made in order to ensure your competitiveness, as well as your insurance of the funds that you're talking about. And that's what happened here, Mr. Speaker, it wasn't the Manitoba Development Corporation Board; it was the government, the government under Part II of the Act.

MR. SPEAKER: Order please.

MR. GREEN: Mr. Speaker, on a point of order and a point of privilege, the government had nothing to do with the day-to-day operations of Saunders Aircraft Limited, nothing whatsoever, and the Minister is misleading the House when he says that is the case. The government funded the existing management under Part II of the Act and had nothing to do with the day-to-day operations.

MR. SPEAKER: Order please, order please. May I point out to the honourable member if there is a difference of opinion and interpretation he should raise it as a point of order after the member has completed his speech. The Honourable Minister.

MR. BANMAN: Well, Mr. Speaker, as I pointed out, there is correspondence in files which show that the member was directly involved in the sale and some of the things that are involved with

the operations of Saunders.

MR. SPEAKER: Order please. The honourable member state his point of order.

MR. GREEN: Yes, Mr. Speaker. The Minister identified a letter that I sent at the request of the Chairman of the MDC to Alberta, to help in arranging for financing. I accept that. I had nothing to do with the sale of the plane or the day-to-day operations of the company, and the Minister knows it.

MR. BANMAN: Well, Mr. Speaker, that might be even worse, then. He is pumping in \$1 million a month and he didn't know what was going on out there. Is that what he is telling me? If that's what he is telling me, fine, but, Mr. Speaker, this company was operating under Part II of the Act; there was over \$18 million or \$20 million advanced by this particular government after the Manitoba Development Corporation said "No, it's not a good deal any more", and they told the government that. And the Minister then, I suppose, being in charge, took an O/C into Cabinet every month, many times, and pumped another \$20 million into this particular venture.

MR. SPEAKER: Order please, order please. The honourable member knows full well that he should make his remarks. . . If they're for clarification, they should be done after the member has completed his speech. The Honourable Minister.

MR. BANMAN: Well, Mr. Speaker, I think the member is doing a good job of splitting hairs right now. It meant —(Interjection)— well, if you read the Board of Directors Minutes, back in 1974, the Board of Directors say, that's it, we don't want to anything more to do with it. That means that under Part II of The Act, the government accepts the responsibility for it, that's what we're talking about.

So, Mr. Speaker, when they talk about the . . . of public funds, that's a classic example, just a classic example, Mr. Speaker.

As I mentioned, the Tropicair deal, the Bayview deal, Mr. Speaker, we've got numerous examples because, really, Saunders only sold one aircraft, that's all, one aircraft, in the whole life of that particular thing. But, my goodness, they sure were flying around all over the place trying to sell them. And, Mr. Speaker, if you look at what has happened to some of the aircraft and how many different owners they have had over a short period of time, and how many repossessions were involved, Mr. Speaker, no wonder they had big troubles, because they were making a commodity which they couldn't market. The member opposite even went to Indo-China or Indonesia somewhere to try and sell those particular products, Mr. Speaker.

MR. GREEN: Mr. Speaker, I am entitled to get up and say that the Minister has falsely accused me of going to Indonesia trying to sell aeroplanes. That is false and I'm asking the Minister to retract that statement. I never went out of this country; I don't think I went out of this city, I don't think I went anywhere to sell aeroplanes. —(Interjections)—

MR. SPEAKER: Order please.

MR. GREEN: Mr. Speaker, I'm entitled to ask the member on my statement that I never went anywhere and he said I went to . . . and that is false.

MR. SPEAKER: Order please. I wish the honourable member would wait until he is recognized by the Chair before he makes his comments. The honourable minister.

MR. BANMAN: Mr. Speaker, I guess it must have been to Japan for Misawa, I wasn't sure. Okay, I got it mixed up, Mr. Speaker. Indo-China is in the Pacific rim there and I guess I thought it was —(Interjection)— Misawa, yeah, that's right, Mr. Speaker.

So, Mr. Speaker, what we have seen here, we have seen in a very brief overview exactly what we were doing. You know, the Member for Inkster, and I'd like to get back to Morden Fine Foods for a while, because the member gets up and says, "You sold the company for \$1 million and you had \$1 million worth of stock there." Well, like I said this morning, some of the aircraft that he sold had a cost price and a book value of \$1.1 million, and he sold them for \$600,000.00. How could he do that? So what he will get up and say is, "Just because the stock is evaluated at that doesn't mean the market will bring that." Well, to use his sort of philosophy or argument on this, let me tell you that the stock evaluated for \$1 million at Morden was not worth \$1 million; it just wasn't.

So, Mr. Speaker, we were faced —(Interjection)— Well, the member is guessing, Mr. Speaker. You know, if we just take rule of thumb what the aircraft were worth, it was worth about half of what you had. Mr. Speaker, he talks about canned goods. Some of the product was three or four years old and it has a shelf life. It was Bright stock, and the member who was in charge of it knows, if he has done a little research like I did, is that the biggest cost of producing canned goods is the can, and really what we were doing is buying a lot of cans from Canadian Can and putting our particular product in there, which then sat on a shelf for two or three years and had a devalued nutritional value as well as it was starting to decompose, some of the stuff, and it was sitting there as Bright stock. The cost was in the can, not in the product that was sitting there. And everybody knows that once you've got that can sealed, you're not going to start opening all these little cans and re-using them. You can't. So, Mr. Speaker, let's just deal with that.

Mr. Speaker, I tell you that the Member for Inkster knew that that particular company was in real serious problem. He knew that we were going to have some pretty substantial losses in that particular company. We've lost, in a matter of two years, almost a million dollars. The projected losses for the next year, for this year's operation, was \$300,000 to \$400,000.00. —(Interjection)— So, Mr. Speaker. He says, "so?" Mr. Speaker, what the member is trying to do, and I've said before, the problem that he had is that he was part of a government whose philosophical approach was that they should be able to run business. Mr. Speaker, all of the businesses, with a few exceptions, which they lucked on, were shining examples that if you were worried about day-to-day management, you can't do it. You can't do it.

And he was caught in the embarrassing position of, if he would have to dispose of these companies, Mr. Speaker, I believe he knew in his mind should happen, whether it be Morden, whether it be Venture Tours, or the winding down of the MDC, he knew, Mr. Speaker, that if he did that, he would have to say, (1) It ain't worked out the way I thought it would; and (2) when government gets involved in business, if that business goes under, it's a reflection on the administrative capabilities of that particular government, and can become a very embarrassing thing to them. And that was the problem. That was the problem.

So Mr. Speaker, when we talk about Morden, we had a projected \$300,000 to \$400,000 loss; the former Minister was involved in a few of the expansion programs which he okayed, Mr. Speaker, that company was basically operating under Part II of the Act, too —(Interjection)— Mr. Speaker, he says, "no," but he had a direct influence in what happened out there; he okayed certain expansions, Mr. Speaker, so don't let him get up and say that he didn't have a handle on it. It wasn't just the MDC that made the decisions, he made some of the decisions, too. Okayed some of the decisions, Mr. Speaker. —(Interjection)— Well, Mr. Speaker, anybody that is naive enough to think that the Minister who appoints the board and does not okay something, and goes back to the board and says, "no, that's not the way I want it," that that board is then going to start riding rough-shod over the Minister, is something that is absolutely false, because I think that there is no way that that will happen.

Mr. Speaker, that particular company, when we talk about Morden Fine Foods, is one which I think is quite an example as far as the members opposite trying to fudge the waters and knowing very well exactly what the position was.

So, Mr. Speaker, here we have a number of companies, a few small examples, of what happened to some of the moneys that were advanced by the previous government. Mr. Speaker, I haven't even touched on William Clare. Mr. Speaker, that's a story in itself. The majority of those funds weren't even expended in the province of Manitoba, those \$2.5 million, and Mr. Speaker, I believe that the people of Manitoba have realized that's one of the reasons that was one of the bigger election issues, this particular corporation. The Member for Inkster and the previous government knew the sensitivity of the situation, that's why they started slowly winding down the Manitoba Development Corporation, and that is why, Mr. Speaker, in a frenzy to try and clean up some of this stuff, they realized that we had to take these initiatives, that there was no other choice. The only other choice was to continue to pump public funds into companies which could not be viable in this particular instance.

Mr. Speaker, we are in the process now of finally trying to put the finishing touches on Saunders Aircraft to try and clean that particular thing up; it's been in receivership for a number of years. We are finally dealing with the problem that has come to a head with William Claire. Mr. Speaker, I am happy to report that to date the Manitoba Development Corporation has one company left, and that's Flyer Industries, Mr. Speaker. Flyer Industries is projecting a loss this year but, Mr. Speaker, if we can try and get somebody in the private sector to take that particular thing over we will look at it, subject to the tendering process, the appraisals that the member talks about.

And, Mr. Speaker, let me just say this is one of the problems we have. You could probably sit down and talk to an individual that is interested in taking it over, but you cannot make a deal

unless you tender and you get proper appraisals on it. Because the members opposite would scream blue murder, Mr. Speaker . . . Mr. Speaker, the members would scream blue murder, so no matter what happens you are at the mercy of close public scrutiny, which governments should be — and I'm not arguing that — but that is exactly the argument that I have put forward in the last four years that I have been here, that because of that it becomes very, very hard to be competitive and be competitive in the marketplace. And that is why, Mr. Speaker, I am, after having seen what I have seen in the last 18 months, I have come to the conclusion more than ever that governments should not be running canneries, flying outfits, bookstores.

Mr. Speaker, I think that these examples, I think that these examples, Mr. Speaker, speak for themselves, and when the member gets up and tries to paint a picture which he feels will put us in bad light because we have had to take this mess and try and straighten it out, Mr. Speaker, it won't wash because the people realize that there is not going to be a \$400,000 loss at Morden — no more, that's it. Mr. Speaker, we will not go with that.

Mr. Speaker, a lot of these things have been cleaned up and we will continue, through the Economic Development Department and positive programs such as the freezing of the Hydro rates, continued private initiative in the different fields but, Mr. Speaker, we will not go ahead and pump dollar after dollar into money-losing ventures.

MR. SPEAKER: Order please. The Honourable Minister's time is up. The Honourable Member for Inkster on a point of order.

MR. GREEN: Yes, Mr. Speaker, you invited me and I know I cannot enter the debate and I am not attempting to do so, but you said that after the member finished his remarks I am entitled to make that clarification. I have only two points to make; one with regard to Saunders being under Part II. That is correct. The advance of moneys was under Part II but the administration and day-to-day operation of the company rested with the Manitoba Development Corporation's Board in supervision and the Saunders Board in operation, and therefore all of those activities were not dealt with by the Cabinet at all.

Secondly, with regard to approval of expenses to Morden Fine Foods, all of the expenses and moneys advanced to Morden Fine Foods was done under the recommendation of the Board of Directors of the Manitoba Development Corporation but because it was a second loan, or loans beyond the first advance, it required the final approval of the Minister, and that was given, but all of the moneys was advanced on the recommendation of the Board of Directors of the Manitoba Development Corporation and there is no suggestion, Mr. Speaker, that the Development Corporation, was in any way influenced in making their recommendation, by the Cabinet or any member thereof.

MR. SPEAKER: Order please, order please. The honourable member's time is up. The honourable minister on a point of order.

MR. BANMAN: Well, Mr. Speaker, I would just like to have the records show that the member was involved in certain financing arrangements dealing with the sale of Saunders Aircraft.

MR. SPEAKER: That is not a point of order. Are you ready for the question? The Honourable Member for St. Johns.

MR. CHERNIACK: Mr. Speaker, I want not to be sidetracked by what has gone before us today, but I can't help but wonder why the Minister of Fitness, responsible for MDC, has still failed to see to it that the Cabinet or whatever minister is responsible, has produced or has not produced the tendering bids, successful bids and otherwise for the Lord Selkirk, of which he spoke at such great length. Why is it such a secret? I don't know. But I wanted to ask that of the minister but his time ran out. But I think it's amazing that here a minister responsible for the disposition of an asset of the government has not seen to it to produce evidence in regard to that, but makes bombastic speeches. And the reason I mention that, Mr. Speaker, is I'm glad the Minister of Economic Affairs came in, because as he walked in I remember an expression he used towards this side of the House, which was correct. He said, "You had a good thing, and you blew it." I don't remember what reference it was, but I kind of agreed with him that we had a good case to make in some respect, but that we blew it. And I think that the Minister of Fitness had a good speech going for him, but he blew it by tremendous exaggerations, by conclusions that were not justified and he blew it, Mr. Speaker. And I guess I shouldn't tell him that because it's to our advantage. I asked the Member for St. George not to reiterate the fact that the Conservative government of Manitoba helped keep the Federal Conservatives in a minority position. Why should

we tell our secret weapon that they're being used to our advantage. So I shouldn't have told that to the Minister of Fitness, but I couldn't help but hear what he said and the first thing he said, Mr. Speaker, was, "It's an excellent Budget, I have to congratulate the Minister of Finance."

Mr. Speaker, what utter and complete nonsense. What's excellent about a Budget that does nothing? Absolutely nothing. It was nicely put, the minister looked nice — he was well dressed, he carried himself well — but what he had to say was absolutely nothing. —(Interjection)— And the Minister of Fitness is so proud of some of the aspects of the Budget, such as removal of sales tax on fire fighting equipment. Mr. Speaker, it is such a joke to comment that this is an example to him of the great Budget we had, where the sales tax formerly paid by the municipality on the purchase of fire fighting equipment, is no longer payable to Manitoba. What does that mean? It means that the real property taxpayer is being saved 5 percent of the cost of fire fighting equipment. Mr. Speaker, it is the reverse, I must say, in one respect. This government has been so quick to pass off to other levels of government the responsibilities which it had when it assumed office, including transit fares, support to municipalities in other respects, that now they're reversing it and it's a great thing they're doing? I guess they have to do things like that after the massacre that they did to the budgets of the municipalities and the school boards in their own policies.

So it's a big deal. They're shifting dollars from the province to the municipalities in that small regard. But that's an indication to him of how excellent the Budget was, as was the question of the Hydro rate freeze, with which I want to deal soon. But he talked about tendering process — I'm sorry the Minister of Agriculture has left because I still would like to see those two ministers get together and clarify how government disposes of property — because it is clear in my mind and has not yet been disproven, that the Minister of Agriculture, through the Agricultural Credit Corporation — I must pause for a minute to say that he claims he didn't do anything, it's the directors of the Agricultural Credit Corporation that did it. Why he said, "They only came to us to approve of what they did." But the Minister responsible for MDC accuses the former minister responsible for MDC of being involved in all decision making. There's a little bit of a contradiction there in approach.

Anyway, the Minister of Agriculture said, "That the reserve bid for the land that was disposed of by the Agricultural Credit Corporation was arrived at by the cost of the land and the accrued carrying charges thereon." Then he said, "Well, the market determined the true price anyway." Well he can't say that and have the Minister for the MDC say, we will not say anything without proper appraisals, without proper tendering process, and that means without the proper and normal, just normal, practices that should be carried on in the sale of property. And the Minister of Agriculture has to learn a lesson, and has not yet admitted that there was a mistake there.

As a matter of fact, Mr. Speaker, I have some reason to think that indeed he was wrong in interpreting what was done but never admitted that he was wrong in interpretation. I think had he admitted that he was wrong in interpretation, he would have clarified that proper procedures were carried out, but we don't know that yet,

I move back to the minister on MDC who made these speeches about government not being in business, and one of the first exales that was brought up on this side of the House and has been brought up for years, is look at Hydro, Manitoba Hydro — why they took over the Winnipeg Electric Company, they established themselves the Manitoba Power Corporation, consolidated into Hydro — that was a great big public enterprise that was established. And you know, Mr. Speaker, who is it that stepped in openly to interfere in decisions of Hydro? The Conservative government. Who did that before actually hearing from the Tritschler Commission on what the Tritschler Commission thought to do? The Conservative government of Manitoba. If there was ever interference in a Crown corporation, the Conservative government of Manitoba has shown how it's interfering in business of Manitoba Hydro. But we've yet to hear from the minister responsible for telephones, why it is that he hasn't worked out the same kind of a deal for telephones as was done for Hydro, and I believe imposed on Hydro Board of Directors rather than just done in concurrence with them.

Mr. Speaker, the Minister of MDC talked about the winding-down the MDC and then said, "Why, you say we're doing it, why you did it." He said, "The present Member for Inkster and the Member for Inkster for a large number of years, why he commenced to wind down and reduce the numbers of loans and amounts when he took office, and we're only doing what he did so what's all the fuss about? What is all the pride that the Conservatives have in doing what he admits was being done by the NDP government in the latter years when it started to monitor more carefully the handling of MDC." That's why I say, he had a good case but he blew it, Mr. Speaker.

One of the faults of the previous government in my estimation was, that it got involved in transactions that were not doing too well. For example, that Lord Selkirk, that boat, and that was not a bad effort on the part of the government. I don't say we were wrong, but what went wrong there was that the boat was too elaborate for Manitoba, I guess. Unless, and that has been said

before, if it were considered a recreational endeavour in Manitoba, a lot like any park is. Then why? It's a great attraction. The Minister for Tourism says why — I want to talk to the Manitoba Bar Convention, I go running down to Minnesota; send several people there to talk to the Manitoba Bar Convention. Well, that's justified to her. Maybe what she ought to be doing is seeing to it that money is spent in Manitoba to promote Manitoba assets.

Anyway about that boat, as I recall it, the Conservative government advanced money to finance the boat. They went bankrupt. The province of Manitoba had a choice either to let the money go down the drain, as it would normally, down that sewer pipe that the First Minister seems to be so interested in, or to salvage the boat and try and use it for the benefit of Manitobans, either for their recreational needs or for tourists. Lure is the word that the Minister of Tourism uses. So the government of Manitoba took it on and it was not a bad effort on the part of Manitobans to subsidize to, I believe, a limited extent the continued operation of the boat. But the way it was sold was in a hasty manner of getting rid of something because it was an embarrassment to the government.

Well, the previous government, the New Democratic government, was working towards rationalizing some of the bad deals, and I think Saunders is another deal that went beyond where it should have gone mainly because there was an effort to salvage the many many jobs in Gimli that were going to be lost by the federal withdrawal of defense moneys. You see, Mr. Speaker, the Minister from Brandon West said you shouldn't have started it and the fact is that it was started by private enterprise, like was it the — the Minister . . . Boy, Mr. Speaker, this is great, the Minister for Telephones now wants to interrupt, is there a question he wanted to ask?

Well, Mr. Speaker, the reason I stopped is that the Minister for Telephones is usually so reserved in the way he handles his department, he doesn't usually interrupt, but I don't mind his interruption as long as it is clear, so I understand it. He said you shouldn't have gone into Saunders. Mr. Speaker, just for a minute then at the expense of my own time and the things that I wanted to say, let us just remember that the federal government pulled out of Gimli airport. The federal government had no plans of withdrawal; did nothing to make sure that people there who had been brought there, skilled people to do work and to be employed, were suddenly going to be without any work. The federal government then said —(Interjection)— I'm glad the Member for Inkster said there was \$9 million a year to the taxpayer being paid as a result of the defense installation in Gimli, and we were charged with the concern as to what we would do with all those jobs and all those people, and the federal government, I think, made a quick deal and maybe we didn't bargain it out well enough.

As I recall it we took something like \$5 million to try to salvage the operation there. We had no choice, we had no other customers, only the federal government and its conscience could do anything. But they then transferred the airport over and an entrepreneur, and if I recall it it was the operation of one of the big food chains of eastern Canada that came to Manitoba and said we are prepared to do a big conversion job of airplanes, and we want some additional financing but we are going to sink our effort into it and money and a loan was made. That's what happened and then they pulled out.

MR. SPEAKER: The Honourable Minister responsible for Telephones with a question.

HON. EDWARD MCGILL (Brandon West): Mr. Speaker, I wonder if the member would permit a question.

MR. CHERNIACK: Yes.

MR. MCGILL: Mr. Speaker, I'd like to ask the Member for St. Johns if it is not true that at the time you were looking for industry to go into the Gimli airport that you were approached by an entrepreneur in Montreal who was very anxious to provide a home for a company that had an idea they could convert an aircraft to a modern design and sell it profitably? Mr. Speaker, had the government, at that time, I suggest, looked at the track record of this kind of business they would have been easily — it would have been easily determined that the possibilities of success might be very remote.

MR. SPEAKER: Order, order please. May I suggest the Honourable Minister may be contributing to debate.

MR. MCGILL: I just merely asked the Member for St. Johns if it is not true that that is essentially what happened at the time that Saunders Aircraft was brought to Manitoba?

MR. CHERNIACK: Mr. Speaker, I appreciate your intercession. I hope that that time will not be charged to me, I don't know to whom, but not to me. Mr. Speaker, however the Minister does take me into a different direction. You know one of the bad things we did in our government initially was to believe that when we were told the MDC board had approved of the CFI project, we believed it. Mr. Speaker, we said here is a contract entered into by the Manitoba Development Corporation board of directors, headed by Grose, and we believed them, and that was a mistake.

Mr. Speaker, I have to tell the Minister for Telephones, that as far as I know, this entire proposal by this eastern magnate was reviewed by the MDC board and they approved it. And it may be that far back, it may have been even the same or to some extent the same members of the board, I can't say that for sure. But the fact is it was approved by MDC — actually it was, whereas in the case of CFI, we learned much later, to our chagrin, that the great MacAuleys, the Neamans, and other members of that board, had been set aside by the Conservative government of Manitoba which was dealing direct.

And now, Mr. Speaker, I want to go on to something else. You know, I was just reading this afternoon as I picked up Hansard, a speech made by the Minister of Mines who criticized the Member for Seven Oaks. But before I do that I must say also, the Minister used as an example of public spending, high level of government spending as being a danger to inflation, and he said that Israel is now faced with an inflation rate that is running between 50 and 60 percent.

They expect the end of this year that inflation rate will be 100 percent and they attribute that, Mr. Speaker, to the high level of government spending that is taking place. The Minister then of course acknowledged that he was not completely ignorant of what went on in Israel. He says we know some of the sort of things that they find it necessary to expend money on. Mr. Speaker, they're running a war. They've been involved in a war for so many years — (Interjection)— and yes it's a Conservative government that is running Israel. But they've been involved in a war against so much money, and against so many people, surrounded completely on all sides, that for the Minister of Mines to even bring in Israel as an example of a problem dealing with inflation is nonsensical to say the least.

However, the Minister also criticized the Member for Seven Oaks for saying about the First Minister, I gather the First Minister is off to Europe, I suppose he has business to attend to there which is more important than the business of Manitoba. I should tell the Minister of Mines that it would be useful that when a Minister of the Crown, and especially the First Minister is away from his seat in government it would be very sensible on their part to announce where he is and why, because I think people are entitled to know that. We were told the day he did not appear in the House that he's away in Europe for about a week or ten days; no explanation as to why he was there, and the Member for Seven Oaks, I suppose, said it could be, it could be that it was on his own business.

Let me tell you, Mr. Speaker, two things. Firstly, I don't know what the First Minister is doing talking to banks in Europe when they're so much against foreign borrowing, but secondly, I must say, there was another occasion when the First Minister went out of this country and he went to New York, and I think he went to Zurich as well, when he was involved in signing that deal with the Churchill Forest Industries with Monaco — and I think maybe we ought to be a little apprehensive about where the Minister is and what he's doing, because Mr. Speaker, the terrible thing about Monaco and CFI, the terrible thing about Monaco and CFI is the secrecy with which the Conservatives, of whom there are still a few ministers left, the Conservatives of the '60s maintained a complete secrecy of their transactions, of their undertakings to the extent where the Minister of Finance was forced to tell an untruth, and didn't know it, when he said that they have financing of their own that they can arrange when it was full well known by other Ministers of the Crown that they were in the process of working out a deal whereby the Province of Manitoba would finance the whole operation of CFI.

So, let me for a moment tell the Minister in charge of MDC, if ever there was a mess, the mess was inherited by the New Democrats when they came in and found contracts, legally binding contracts signed by the former government, and were advised by their lawyers that had they tried to stop payment which, under the Act, they had a right to do, they would be liable for damages of a very excessive nature. It was not until long after that we learned that Rex Grose was speaking for Rex Grose and not for the MDC Board. It was not until long after that we found that the MDC administration was paying out moneys in advance of construction, but rather on purchase, and that was the occasion when Alistair Stewart died at the airport when he was returning from the report with the Provincial Auditor to tell us of the way it was being operated on, and it was not until we found out how much money had been expended, that we also found out that the people we were dealing with were crooks — I think it can be stated that way, something that I don't accuse the Conservative administration of knowing.

But the Minister for Telephones says, "Well, you should have known." Well, Mr. Speaker, we

begged the then Conservative Government and his present Leader to tell us whom are we dealing with, who are these people, who owns Monaco, who owns Churchill Forest Industries? They denied knowledge. The fact is, if they knew, they would have been able to tell us the trouble we were getting into. But I believe they didn't know; I believe they just accepted the fact that here is somebody who wants to develop the north, which was a good thing; we never criticized the effort to develop the north, but they said, "We want to develop the north," so they did business with people they should never have done business with. They entered into contracts which would deny them the right to tell or to investigate who these people are; they promised to finance the whole operation themselves and they gave tremendously expensive concessions to that private enterprise. They are the ones who are talking about the mistakes we made as the New Democratic Government, and Mr. Speaker, there's no doubt we did make mistakes in the previous government — but the Minister for Fitness says we were correcting mistakes, we had embarked on that course and indeed that's what we were doing.

Mr. Speaker, I must say that pumping money the way he talks about was nothing like the money that was pumped into CFI and much of it pumped in by the New Democratic Government, which believed it was honouring the contracts and commitments made by the previous government, and thought it was doing the responsible thing.

Mr. Speaker, I've spent more time than I wanted to on matters that were already raised. I want to move therefore to the question of foreign exchange on capital financing of Hydro.

Now, Mr. Speaker, I've mentioned already that the Tritschler Report is not in, and we have had Ministers of the Crown, the First Minister, the Minister of Finance, the Minister of Highways at least, if not others, who are making all the statements that they will expect to see in the Tritschler Report, and even saying the Tritschler Report will tell you so-and-so and so-and-so. And they don't even have the courtesy of waiting for the passage of the time it takes in order for that report to come out and be public — they're already making decisions.

They fired Len Bateman, and I am satisfied, Mr. Speaker, that there was no justification for that; I think it was a very clever, cute, cross-examination that trapped Mr. Bateman into making a statement which he retracted the following morning, if you recall, and he said, "I was misinterpreted, I misinterpreted what was being asked, I was wrong in the statement I made the day before." The Minister of Finance, nevertheless, fired him without notice, and he told us last week or so that they have not even settled yet the separation arrangement with a person who served the people of Manitoba conscientiously for all of his adult life. And if he made a mistake, they're punishing him time and time again, as of course they have done with other people whom they've fired out of hand in their ruthless manner. Anyway that's the way they dealt with Bateman.

But you know, they're not giving the former Chief Justice Tritschler the courtesy that he deserves in connection with a report they asked him to make. Why, they even extended the Order-in-Council terms of reference to enable him to investigate and report back on the relationship between government and Hydro, and they've gone and stepped right in, they're getting involved deeply into the affairs of Hydro without even having heard from him.

A MEMBER: It's irrelevant.

MR. CHERNIACK: Yes, it is suggested that his report and he, himself, are irrelevant to the position of this government. It would appear so.

But, let's talk about this great Budget, this great thing they're doing about the rates; well, firstly about foreign exchange. Mr. Speaker, we know that foreign exchange fluctuates, we know that there was a time within our own memory when the Canadian dollar was worth substantially more than the American dollar, and we know that in the last couple of years, there's been : a drop, and we would hope and I think we're all working towards that being improved, although Mr. Speaker, there's a strong element in the private financial community that wants the Canadian dollar to remain at a lower rate than the U. S. dollar and foreign currencies, in order to improve the economic climate for Manitobans who are selling goods and services to other countries. So there's a lot of good theory that supports a less beneficial exchange rate.

All right, the government said, "We will take that burden off Hydro." What are they doing? They're buying out from Hydro that which Hydro fought so hard to maintain.

Mr. Speaker, I will tell you this without knowing it, and without having checked with anybody, that I'm sure that Hydro was not consulted about the moves the government is making. Mr. Speaker, I will tell you and I'm sure that it can be confirmed time and again, that Hydro was most anxious to get involved in foreign borrowing over the last number of years, and did that under the previous Conservative Government of the '60s. Hydro wanted the benefit of interest rates and, it may well be Mr. Speaker, and time will tell whether over the long haul the fact that Hydro is now being forced to take on the carrying charge of interest rates at Canadian dollar loan levels, that it may

be that they will suffer in the long run. Clearly, they are not getting the simple benefit of the provincial government putting on the burden of the taxpayers of Manitoba, the cost of maintaining this differential of exchange rate.

They are also forcing Hydro to pay a higher interest rate than they bargained for when the deals were made, because Mr. Speaker, regardless of what you may be told, the fact is that Hydro was involved very closely in the decisions about foreign borrowing for Hydro, in the rates on foreign borrowing from Hydro, in the amounts that were being borrowed, in the countries in which they were being borrowed and the denominations that were being borrowed.

I don't believe there was one occasion when I negotiated a loan for Hydro that a senior — and often the most senior — person of Hydro administration was present to help negotiate and approve the rate because, Mr. Speaker, in some instances Hydro Board had to approve of a decision before Cabinet did.

So let us not pretend that Hydro was forced by the previous government to make the deals it did. It wanted to make them, and it wanted to get the benefit of the interest rate.

Mr. Speaker, there are a few remarks that I just picked out of the Budget Address, dealing with this. "It is our intention to guarantee a five-year fixed power rate for all Manitoba consumers other than bulk purchasers and those on other separate contracts." The Member for Churchill has already pointed out that some people are being discriminated against in that respect.

So the government will lift all — I am reading again — "lift all foreign debt from Hydro retroactive to April 1, 1979, and recalculate it on the basis of Canadian debt and various interest rates corresponding to the rates in effect on the dates on which the foreign issues were taken out." We don't know yet who is going to do the calculation; we don't know how they are going to weight it, but I assume it will be done fairly. I hope Hydro will fight for the best deal possible, but the losses that occur in interest lost are being put onto Hydro.

Mr. Speaker, I must say listen to this statement from the Budget Address. "To ensure that advantage is realized, our government, unlike the previous administration, intends to put the ratepayer and the taxpayer first and to support the Utility in meeting its objectives of service to the customer." The ratepayer and the taxpayer first. What did they do, Mr. Speaker? Nothing but move responsibility and burden from the ratepayer to the taxpayer. How is the taxpayer being considered first and how do you put both the ratepayer and the taxpayer first unless they are even, standing side by side? Because if there is some position to be taken, the shift was made by the Minister of Finance.

He put the ratepayer first by this guarantee and the taxpayer second by being put to the burden of carrying it, to the extent of, he says, \$30 million a year, a total of \$150 million over five years. But, Mr. Speaker, if it is found that the exchange rates and interest rates are shifted around maybe it happens that the taxpayer will be better off on the speculation, the gambling that he is involved in, and therefore the ratepayer will suffer and therefore one or the other will be first but not both at the same time. So it seems to me that this is a rather foolish remark.

Mr. Speaker, getting back to foreign exchange, there are questions we don't know the answer to and the government has said we will make the taxpayer be responsible for the answers. What will happen to the Canadian dollar? No one knows; if anybody knew, that person would be a millionaire overnight. How much debt can be rolled over? Well, you know, when the Minister referred to the Swiss loan that is coming up next year, which he is going to pay off this year, and talked about the right within the terms to rearrange the borrowing, he really meant to pay off the borrowing a year earlier and to pay a penalty on it. He didn't say that but I did look up the O.C. and I see that there is a penalty payable, when it's paid off a year in advance, a penalty of .5 of 1 percent. He knows that now; he didn't know it then.

And, Mr. Speaker, I am not questioning the decision to pay it off this year, unless it were not a roll-over. I would say if the decision was right this year, it was probably right a year ago when the penalty was 1 percent rather than .50 percent, and they didn't do that. So next year it will be no percent and last year it was 1 percent.

Mr. Speaker, if it were not a roll-over it would be a foolish thing to do because the roll-over extends the burden and spreads out the risk because of the interest rates. Today in Switzerland they are certainly substantially less than they were at the time this deal was first made.

And let me therefore tell you, Mr. Speaker, that the Public Utility Board knows something and has experience and they said, in their order of October 31st, 1978 — the order is No. 238 of '78, on Page 15 — they said the Board concurs with Manitoba Hydro that while the recommendation of the Canadian Institute of Chartered Accountants may well be acceptable for accounting purposes it is not necessarily appropriate for rate-setting purposes.

If the rates were set each year to recover in full amortized, unrealized losses or gains, undesirably wide fluctuations in rates could occur as flexible exchange rates can be subject to such fluctuations.

Now, this is so obvious, Mr. Speaker, and I continue reading. "In addition, Manitoba Hydro, as a matter of course, will refinance some foreign debt as it matures, thereby achieving a longer term levelling of the affects of foreign exchange losses."

Mr. Speaker, let me give you a few figures. Let me tell you that if there is a differential of 1 percent per year in interest rates that over 15 years at 8 percent — say if you can invest your saving at that 1 percent over a 15-year span at 8 percent — you will gain \$27.00. If there is a differential of 3 percent between, say, foreign borrowing and Canadian borrowing, which is not uncommon, and if you amortize that at 15 years, then that would be \$81 at 8 percent. That means that if you borrow \$100 and you save 3 percent per annum on that borrowing of \$100, over 15 years you will have \$81 to apply on that \$100 to pay off the capital loan.

And I have a memo which is fairly lengthy and I don't have the time to read it, but it was prepared some time ago to point out that borrowing at a lower rate of interest can be very beneficial. And I can't deal with that, Mr. Speaker, because you have just signaled to me that I have only five minutes, so let me say that this memo, which I am prepared to distribute, indicates tremendous savings that could be accomplished by an interest rate differential. And no one denied it except the present Minister has not stated that it is done, but the present Minister has been borrowing on the foreign market already, in foreign currency, and he must recognize it so. Because, Mr. Speaker, he says in his Budget Address, "Our policy is that when comparable rates can be borrowed . . ." "When interest rates are favourable, our first preference is to borrow on the Canadian market. Our second preference is United States, and we will only borrow outside North America when Canadian and U.S. rates are prohibitive."

Mr. Speaker, when I became Minister of Finance, within the first week, I was told that the government of the Conservative government had a policy on borrowing which was, in the same words that the Minister of Finance used last week. Mr. Speaker, that same policy was carried out by our government throughout the eight years of government, whether or not I was Finance Minister, exactly the same policy. Let him not pretend he is making new policy.

Mr. Speaker, I must move to the question of rates, themselves, and tell you, Mr. Speaker, that the government is taking no risk at all and for that I want to quote from Hydro itself. Mr. Speaker, Hydro made an application to the Utilities Board last year for rate increases and the Utilities Board did not go along with it. In January, 1978, Mr. Speaker, Hydro predicted to the board, and it's on record at the board, in the board records, by Exhibit No. 28 in the Public Utilities Board Hearings of January, 1978, that their prediction was the 1978-79 rates would rise 20.8 percent. The board, after consideration, permitted 14.9 percent; that for 1979-80, the rate increase would have to be 21.4 percent, the board only approved 15 percent; that for 1980-81, there would be a reduction, not an increase, a reduction permissible of 5.3 percent; that for 1981-82, there would be a reduction of 2.3 percent, not an increase, a reduction; and for 1982-83, there would be an increase of 7.2 percent, almost the same increase for 1982-83, the fifth year, as the reduction for the preceding two years. And the board wouldn't go along with it, but the board did comment that even though it had rolled back the rates by some \$10 million, and I'll quote now from the Public Utilities Board 238/78 Order of October, 1978:

"The revenues are noted as having been increased by \$5.6 million beyond the \$27 million revenue increase anticipated as a result of the board order."

In other words, the board ordered a reduction in increase and in spite of that reduction, the Hydro still got \$5.6 million. Mr. Speaker, I have to tell you, and again I'm limited by time, that Hydro was asked to predict what would be the result of high flows to the budgets of Hydro and in Exhibit 64 at that hearing, the Hydro gave its estimate, and I'll read it quickly for the five years commencing 1978-79, of net revenues transferred to Reserves, \$20 million, \$26.8 million, \$54.1 million, \$53.6 million, \$59.9 million, something in excess of \$200 million over five years, based on high flow. And we had, the first year was high flow. On that high flow, \$200 million is some \$50 million more than the cost to the taxpayers, being imposed by the Minister of Finance by his shift, by his rate freeze. Mr. Speaker, it could end up with four years of high flow, that Hydro will benefit to the extent of \$200 million and the taxpayers of Manitoba will have to pay \$150 million to subsidize this non-Budget, non-meaningful, ineffective rate freeze which is there for trimming only.

Mr. Speaker, I have a clipping here — my wife read the New Yorker more assiduously than I do and my wife gave me this clipping some time ago — it's a clipping of one gentleman saying to another, one standing, the other seated at the desk, and it could be the Premier saying to the Minister of Finance, or the Minister of Finance saying to the Deputy Minister of Finance, the following: "I want you to draft a bill with all your usual precision and flair, explain its purposes, justify expenditures, emphasize how it fits the broad aims of democratic progress, and one other thing, can you make it sound like a tax cut?"

Mr. Speaker, one more minute and I'll just refer to a little arithmetic that we did here last night, just sitting here, talking about the great reduction in sales tax on children's clothing between the

size 14 and age 14 who are oversize, giants. Mr. Speaker, we were sitting here and I kept looking at the Budget that said this will cost the taxpayer \$1 million, and I started to figure out, what could that mean? It means that some \$20 million is being spent by oversize children and I wish somebody would do the arithmetic that I can't translate to you right now, especially since I seem to have misplaced by sheet of paper with the arithmetic on it, it would appear that there are some 67,000 children under age 15 who are oversize, 67,000 children in Manitoba, of one million people. In my estimation, they played with digits and they moved over a substantial amount in order to arrive at a \$1 million cost.

Mr. Speaker, you are rising; I will seat myself, only to say that when we come to dealing with that sales tax, I hope the Minister will justify the arithmetic where he says it will cost \$1 million to clothe all these oversize children.

MR. SPEAKER: The Honourable Minister of Highways.

MR. ENNS: Mr. Speaker, I perhaps should apologize for my contribution last night in terms of the Budget Speech, but it was my purpose to enter into the Budget Speech, as I have always enjoyed doing in previous years, and I particularly enjoy being able to be close toward the end of the allotted time for the Budget Speech, inasmuch as that it does give one an opportunity of having listened to the contributions from all sides of the House by different members.

Mr. Speaker, it also, of course, gives me the opportunity to carry on with the wide latitude that the Budget Debate allows you to continue the kind of ongoing vendetta that I have chosen to start up with respect to a particular source in the news media. In this instance, it's the people's radio again, and I expand it to the CBWT. Because, Mr. Speaker, you know, as I have mentioned in other speeches, well, most Manitobans know that it wasn't D. L. Campbell who built the floodway; the CBC, of course, still doesn't acknowledge that. And while most people of the media know that they can contact, not necessarily a politician but indeed the same senior bureaucrat who was around at the time when the floodway was built, to find out its operations. They need not remove themselves as far as Regina to find out that information.

But, you know, I can't help but add to that comment because, in a more serious vein, while most of the media also respected The Elections Act in respect to the last federal election, the CBC singularly ignored it and ran NDP advertisements on election day. I heard two of them on election day in the hours that I was driving in, from 8:00 to 9:00. My friend, the Minister of Agriculture, heard another one at 12:30, and I hasten to add, Mr. Speaker, they were not initiated by my friends of the New Democratic Party, or indeed paid for by them. These were ads totally initiated by the Corporation on behalf of the party they of course feel in the long run will serve that corporate selfish interest best.

So, Mr. Speaker, that of course allows me to comment, as have others, about some of the kinds of election coverage that we have, as Conservatives of course long since come to expect from the CBC. I think I have mentioned once before that nobody knows that better perhaps than one of our great and illustrious leaders, Mr. Stanfield, whom I think the only time the CBC did do a fairly accurate job of covering was when he was retiring as leader and they did put on a half-hour "roast" which, and in Mr. Stanfield's own words, he appreciated with gratitude the time that the people's broadcasting corporation was giving to him.

And so, Mr. Speaker, of course it was no surprise to us that on the post-election coverage, every one of the five New Democratic Party member winners were properly identified, viewed and seen by CBWT. That wasn't good enough just to do that once around, then of course we switched to the House where the leader graciously introduced the five winning NDP members, and that was played again on the same 15 minute newscast of the post-election coverage, and then, Mr. Speaker, they did touch on showing the fact that there was one losing Conservative member, one losing Conservative member was the only person that they showed. They forgot the fact that, perhaps in the context for instance of comparing a senior veteran member like Mr. Knowles, it would be quite appropriate to have referred to Mr. Dinsdale, who I believe sat in the House as long as, if not longer, and as one with a greater and greater plurality as he has done.

It might have been fair, Mr. Speaker, to at least comment, to at least name — I don't mean to say visually portray, as were all the NDP candidates, but at least to indicate that the man who won with the highest plurality was none other than Jack Murta, the highest plurality in the province could have been at least acknowledged that he had won an election, or indeed, and I think, as a politician now with a few years experience that I can remember the kind of heady experience that it is when you do in fact, win your first election. And of course there were two members, Mr. Mayer, and Mr. Lane, who were were, in fact, winning their first election to the Parliament of Canada, and it might just have been nice to have been mentioned by the media of the day. But then, of course, that would have broken the track record. It's like having to send the reporters out at the

time of the flood to Morris and spend three or four frustrating days to find somebody that has some concern or problem with the government. I think this happened to our Mr. Blom there. I think he spent three days looking for somebody, you see.

But I should not be detracted from the major comments of the debate that I wish to enter with my admitted paranoia and admitted phobia on this subject matter. But Mr. Speaker, it does and it has, as you would expect me to, a rhyme and reason why I refer to it, because it does make it, and we admit, and perhaps, Sir, to some extent we have to acknowledge and accept, as a result of the election just passed., accept the fact that this kind of distortion, if you like, makes it much more difficult, and puts on us a greater challenge to more adequately present to the public and to the voters of Manitoba the very real things that are happening to them in the years that this government has the responsibility of governing them, and to try that much harder to do what in effect you said couldn't be done but what this Budget and this government is quietly but steadily going out to do.

We are going out, we are doing and providing more money for essential services, we are providing more money than ever has been provided for by any New Democratic Party administration for hospitals, no New Democratic Party government has spent as much money on schools, no New Democratic Party has spent as much money for the general social health services across this country. Now, that message is not coming through, but in the Budget, the figures don't lie, don't lie. We're talking multi-millions of dollars.

And of course, my friends opposite are cleverly exploiting their position that when a request for a 12 percent increase is made and it is met with a 7 percent increase, then that represents a 5 percent cut. Well, Mr. Speaker, and with the aid and understanding of a helpful media, that gets parroted throughout the width and breadth of this country, and all of a sudden it's a challenge to us, all of a sudden we are believing that we are cutting some particular services. And that is patent nonsense, Mr. Speaker. That is patent nonsense.

Every year that we have had responsibility, this second Budget now that we have responsibility for, has provided for more moneys for those particular concerns that members opposite spend so much time talking about. Mr. Speaker, I'm convinced that under the direction of particularly this Minister of Finance that we will do what you didn't think was possible, that is, indeed to provide the kind of services, without consuming more and more of the people's money, and doing it more effectively.

There are going to be disruptions, there are going to be some hurts along the way, we acknowledge that and we accept that. But Mr. Speaker, let me simply indicate to you that there was reason for concern. I know honourable members opposite really demonstrate perhaps when we talk about government spending and the levels of spending, that that discussion area probably demonstrates the difference philosophically between them and us in the sharpest way. They have so much difficulty in accepting the fact that when government is spending money, that it isn't the government's money, it is the people's money. And it comes out when they speak about it. They speak about us being concerned about the level of government spending, us wanting to spend less through government programs, as though there is a separation between that pot of money that the government has and the pot of money that taxpayers, you and me, ordinary workers, everybody in Manitoba has to shell out of their pockets to every tax collector to put to that pot.

Mr. Speaker, when the Budget talked about the somewhat alarming growth that we were beginning to take up relative to the GNP, that when we started off in the year 1969-70, where we had — well, let's take the last Conservative year, 1968-69, when the province's share of the GPP was some 12.2 percent. The next year, the first year, I suppose where there was the slightest, although in fairness, not that much an impact of the New Democratic Party administration, that rose to 13.9 percent. The following year to 15.7 percent, up to 17 percent, and to the level of 18.4 percent.

Now, Mr. Speaker, it's not really germane to argue about what that figure should be, but what is important to a province like Manitoba, to people that live in Manitoba, in a free and open society, that there is some level of competitiveness remaining within the kind of tax demands that we place on our people and on our industries.

So I'm not prepared to argue with the honourable members as to whether it should be 15 percent, or whether 18 percent is acceptable or should be worrisome, or whether it should be down to 12 percent, that's another argument. That's another argument for another day. I can point out to the honourable members that they obviously had no concern about its steady, progressive rise. But I do know, and our economic performance began in a most serious way to indicate that by the time 1975-76 rolled along, that we were badly out of step, that we were badly out of tune, and that we couldn't provide, we couldn't attract and hold the kind of job-forming industries in this province much longer. Mr. Speaker, we're still not out of those woods, but we're moving in that

general direction, Mr. Speaker, we're moving in that general direction.

Now, Mr. Speaker, the Honourable Member for St. Johns, he had a number of comments to make on a number of subjects but the one particularly that I want to deal with is his suggestion that political interference has now become part and parcel of the relationship that this government has with Manitoba Hydro.

Well, Mr. Speaker, I think we have to acknowledge that there is a changed relationship between this government and Manitoba Hydro. Mr. Speaker, I think we would also have to acknowledge, and certainly honourable members opposite would have to acknowledge, that that change perhaps took its most dramatic form shortly after they assumed office in 1969 and that the then First Minister is quoted on page after page of Hansard about the need for a government that concerns itself with the biggest business in Manitoba to directly involve himself with the affairs of Manitoba Hydro.

And indeed, Mr. Speaker, fundamental plans and directions of Hydro were altered at that particular time.

Mr. Speaker, when the honourable member suggests that the former General Manager and Chairman of Hydro was fired for no good reason, other than to suit the vengeful nature of my friend and colleague, the Minister of Finance, as the Honourable Member for St. Johns attempted to suggest, it just doesn't stand up to any scrutiny of the facts. The sad truth of the matter of course is, Mr. Speaker, that the same Mr. Bateman — and I personally experienced the occasion of spending two days with him up at South Indian Lake — he was the senior spokesman for Hydro at that time, advising the then government and the then Minister on a particular course of action that he felt was in the best interests of Hydro and Manitoba to pursue. Mr. Speaker, when that didn't come to pass and we found ourselves, within months, within a year receiving conflicting information from the same expert source, Mr. Speaker, I think there can be no question that if anything, the questioning at the Tritschler Committee of Mr. Bateman on this particular issue, if anything, was gentle — if anything, it was gentle — because there are enough members of the Public Utilities Committee here that year after year watched an unbelievable tale of woe emanate from the figures that we were being given.

It started off with such first figures on the north end of Lake Winnipeg at \$50-\$60 million and ended up in excess of \$300 million. —(Interjection)— Well, Mr. Speaker, I'm not going to get involved in the figures, but just let me say, Mr. Speaker, that the kind of position that was taken by Mr. Bateman at that time and indeed I would say, coerced upon him to some extent by the then government, allowed for absolutely no other course of action to be taken; allowed for no other course of action to be taken.

But on the greater question, Mr. Speaker, on the greater question of concern that the Member for St. Johns talked about, that he couldn't understand why this shifting from the ratepayer to the taxpayer. He thought it all was rather foolish. He didn't really know and admittedly we don't really know what kind of figures will be involved, in terms of imposition to whom and at what time, or if any. But, Mr. Speaker, what the Member for St. Johns and all members opposite fail to grasp completely is that there is a specific reason for doing it and for freezing the Hydro rates and that it is a key and fundamental part of the industrial strategy that this government requires and all governments require. Indeed, Mr. Speaker, that's the kind of nice, noble-sounding words that his national leader liked to talk about during the last election, the election that garnered them 26 seats. He kept talking about the need for industrial strategy.

Well, Mr. Speaker, energy costs, putting an important element to production costs like energy into a stabilized position probably will have a greater impact than any other in this government can do over the next five years to maximize what we believe and the source where we believe it's coming from, the private sector, to produce those jobs.

The honourable member wants a question?

MR. GREEN: Yes, Mr. Speaker. I know that my friend usually permits me a question; that's why I will ask him. If it is an industrial strategy to guarantee that Hydro rates will be the same, and if such a guarantee involves payment out of the Consolidated Revenue, how will you guarantee these same people that taxation will remain the same?

MR. ENNS: Mr. Speaker, the guarantee that we can certainly give to the people of Manitoba is to continue voting Progressive Conservative. We have demonstrated it in two Budgets now. We have demonstrated it in two Budgets now and that, of course, is the other major feature of this Budget, that there is no general tax increase. —(Interjection)—

So, Mr. Speaker, the people of Manitoba — and they will have proof positive, they will have, by that time, four Budgets, in any event that will have provided a track record for them — four or five Budgets that they will be able to see in terms of the question that was asked by the Honourable Member for Inkster: What guarantee we have about tax increases? The best guarantee that the

people of Manitoba have is to vote Progressive Conservative, in terms of that question.

Well, Mr. Speaker, surely there can be no argument about that. They are standing up here telling us to spend more money. —(Interjection)— Yes, they are; they are. They are telling us that every day. Now, certainly that means more taxes. Let's be honest, eh? Let's be honest about that. Now, you can't be that hypocritical, either. You know, it's a little bit like the Honourable Member for Churchill standing up there and parading my Minister of Labour every other day in this House about when are you going to do something about lead poisoning and then the Minister of Labour gets up and does something about lead poisoning and then the Honourable Leader of the Opposition has the affrontery and the gall and the hypocrisy to parade around here with the workers that are unemployed as a result of the closing the plant down, because we did something about the very thing that he was concerned about. You know, it's an amazing circle. It's an amazing circle, Mr. Speaker. —(Interjection)—

Now, Mr. Speaker, let me simply underline that that is a major portion of our industrial strategy and it will work. And, you know, it points out . . . The Honourable Member for St. Johns took off a little bit of time to take my colleague, the Minister of Mines and Natural Resources, to task for citing the state of Israel as a bad example in terms of its inflation rates — 50, 60 percent — and I must admit I wasn't here to listen to that particular part of my colleague's comments. But my honourable friend, the Member for St. Johns, supports precisely of course what we have been saying and supports entirely the point that the honourable member, the Minister of Mines and Natural Resources, was saying: The fact that high government spending fuels inflation. That was the point. I quite agree with you that there is every good reason for the high spending in Israel. They're paying for fighting that war for the last 20 years, but that reinforces the fact that has been made and refuted when it suits them, that government spending has a major and direct impact on the rate of inflation.

And the Member for St. Johns, the former Minister of Finance, just stood up to underline that fact for us today. He just stood up to underline that fact. He said high government spending, whether it is for war or for any other reasons, creates inflation. And that was the point that the Minister of Mines and Natural Resources was making. I'm pleased that the financial expert on the New Democratic Party, the former Minister of Finance, took time off today to underline that for us, because we now have that all on the record, that government spending is a major fuel for inflation.

Mr. Speaker, I have indicated to the honourable member — I suppose maybe he wasn't in his seat — that I suppose the real responsibility of government is to find at particular level that can be safely taken out of the economy to be spent for government purposes, if we want to maintain a reasonably healthy private sector involvement. Now, if we don't want to, and that's of course the suspicion that harbours in some of our bosoms when we look at our friends opposite, because we can't really understand some of their logic. When the Member for Inkster berates again the Mines Minister for not holding onto 25 or 50 percent of Tantalum Shares, he says it's good business. Well, then, the logic of that of course would be it would be better business to have 75 percent of the shares, and it would be even much more logic to have 100 percent of the shares. Right. And so where do you stop, Mr. Speaker? Where do you stop? And again it's a point that I'm making. If it's such good business and so logical to do that with Company A, then of course, why would you stop at Company B and C and D and E and F? Why would you want to? Why would you?

Mr. Speaker, we'll have ample opportunity to debate that part of it but, Mr. Speaker, what is going to be enjoyable in the next little while, in the next hour, is to watch each one of these honourable gentlemen opposite vote against no increased rate on your Hydro bills for the next five years, and every member of the New Democratic Party is going to stand up and vote against that, and every member of the Conservative Party is going to say, our Hydro rates have gone up high enough, 150 percent in the last five years. We have had enough of it; we want them frozen. And it will be interesting to watch and to record the votes of members opposite on that.

Mr. Speaker, it will be interesting to watch every member of the New Democratic Party vote against the fact that there is not a tax increase in this Budget. Indeed, it will be even more interesting to have them vote against those, and admittedly not major but nonetheless tax reductions, sales tax reductions on children's clothing. —(Interjection)— Yes, Mr. Speaker, I can recall, as the Minister of Finance reminds me, that it was back in 1970-71 you voted for that on a resolution, the raising to 14 and the provision for the sales tax reduction. You voted for it on a resolution; you voted for it. —(Interjection)— Ah, my honourable friend says, we'll give consideration. He'll give consideration. Oh, my dear, how we do change our tune.

Well, Mr. Speaker, I know the Honourable Member for St. Johns, he likes to poke fun at these things that don't, in his opinion, mean a great deal, but I'll tell you, the farmers of Manitoba still remember him for having put the sales tax on granaries after we had deliberately left them off when we first introduced the sales tax, and we did introduce sales tax. And now, Mr. Speaker,

we are taking them off granaries because they are storing food products; we're taking them off granaries and every member of the New Democratic Party is going to stand up and vote against it. Every member of the New Democratic Party is going to stand up and vote against it.

So, Mr. Speaker, that's going to be interesting. Contained in the Estimates is the provision to build 11 new personal care homes, and the New Democrats are going to vote against every one of those.

Contained in the Budget is the extension to hospitals, the capital costs, both in the communities of Selkirk, I think, and up in Dauphin — well, next year in Selkirk — there are some moneys. Seven Oaks, the completion of the Seven Oaks — a multimillion — which they took a lot of pride in, but they are going to stand up, the Member for Seven Oaks is going to stand up and vote against giving this Minister of Finance the necessary extra millions of dollars to complete the hospital in Seven Oaks.

Mr. Speaker, every member of the New Democratic Party, and particularly the Member for Winnipeg South, is going to stand up and vote against providing the kind of money that my colleague, the Minister of Health, needs to open up the new correctional facilities at Brandon. He is going to stand up here and vote against that. —(Interjection)— Well, certainly, he is. Mr. Speaker, that is what you are going to be doing; that is what you are going to be doing and you are doing it precisely and for one reason only, because you think you want to spend money faster. Well, that's a fair and legitimate game, but why not support, Mr. Speaker, the increases that are in effect in this Budget, and there are increases, Mr. Speaker, and we just have to keep saying that over and over again. This government is providing more money for education, more money for health services, more money for correction services. The only area that we have openly and admittedly agreed to have cut back, we have cut back on some of these hand-holding, instant job creation efforts that haven't solved anything. They haven't solved anything in the north; they haven't solved anything in the core area of the City of Winnipeg, and all it has done, it has impeded the kind of natural growth and natural development that most citizens in Manitoba still would like to do and can do if given the proper opportunity.

Well, Mr. Speaker, I may have a few more moments, but I want to sit down and enjoy watching honourable members opposite vote, I repeat again, against Hydro rate freeze; I want them to vote against the sales tax reductions, and, Mr. Speaker, I'm happy that with that on the record, you know, and with the kind of direction and the firmness with which this government is approaching the direction that we believe this province needs to take, I have every confidence in the future. I have every confidence that four years from now, we will have done precisely what we promised the people of Manitoba to do, essentially to provide and build upon those essential services that are necessary and that are acceptable to the people of Manitoba, but do it in such a manner that we don't have to impose as heavily, either by regulation or by tax collection, on the citizens that we serve. Thank you, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Churchill.

MR. COWAN: Thank you, Mr. Speaker. Well, it's always a privilege to enter into a Budget Debate in this House and it is a bit of an exciting thrill to enter in after the Member for Lakeside has made his contribution. I will take just the first few moments of my contribution this afternoon to comment on some of the remarks that the Member for Lakeside has made. First things first, I feel that in all fairness, the record must be set straight in regard to the NDP, and that's a party policy and that's an opposition policy and it's also my personal policy and I'm certain it's my leader's personal policy, in regard to the lead poisoning crisis in the Province of Manitoba, and in regard to what the government, the Progressive Conservative Government, has done and hasn't done. I had not truthfully intended to remark about lead during the Budget Debate, but it was the remarks from the Member for Lakeside that brought it to my attention again and I feel that it is incumbent upon me to set the record straight.

The situation in the lead-using industries in the Province of Manitoba has been around for quite some time. I don't think that there is one person who follows the proceedings of this House who isn't aware of just how long it has been around and what sort of problems have been incumbent to that industry for the past number of years. And it is true that there was no public furore over the crisis or over the contamination existing in the lead-using industries previous to this government coming in power. There was no public furore because it was not necessary, because our government was dealing with the problem — the New Democratic Party government was dealing with the problem in the recognized manner; it was going through the recognized channels. And there was no need for the sort of constant comment and the constant criticism that has been necessary because of his government's refusal to deal with the problem for well over a year now.

Now that the government finally has done something — and the Minister of Labour the other

day said that they have finally made a conscious decision to do something — now that they've made that conscious decision after a year of unconscious knee-jerk reaction, we find ourselves in a peculiar situation. The plant has to be closed. Well, certainly the plant has to be closed at this point. We must protect the safety of the workers. But the plant only has to be closed. It is only necessary to have a widespread shutdown of the plant because that government for the past year has refused to do anything — has refused to lift one finger towards ensuring the safety and the health of the workers in Canadian Bronze, and also in many other lead-using plants in the province.

So what they did was they backed themselves into a corner by their insistence that there wasn't a problem; they backed themselves into a corner until such a time as we proved beyond a shadow of a doubt that the problem did exist and they had to acknowledge that the problem did exist, and in their panic they reached first thing for the panic button — first thing for the panic button — and they shut the place down. And what they have done now is they have offered the workers in that plant an opportunity either for starvation or poisoning. Those are the two choices that they have given the workers in that plant. And for the past year, because of the government's inability to act on this matter, the workers have had to pay with their health. And now, because of the government's inability to act in a rational manner, they have to pay with their paycheque. So all throughout this whole process, it has been the workers who have had to pay.

And when I get up here and talk about this and when my leader gets up here and talks about this, what we are saying is that the government has bumbled their way through the past twelve months or so since we first brought this to their attention, have bumbled their way through this whole problem and that is why the plant had to be shut down, because they did not have the foresight to start acting on it on a regular basis and a systematic and organized basis. And when it finally came to the point where they either had to put up or shut up, they found themselves forced in the position where they had to close the plant down.

And then, when they did that, did they take into consideration the financial impact of that closure on the workers? I don't think they did, Mr. Speaker, I don't think they took that into consideration at all. Because there are ways that they could have accomplished that same effect without throwing those 80 or 100 workers out of work; it could have been done. And all they would have had to do, Mr. Speaker, is they would have had to look at it from a different perspective and they would have had to say: "Let us not only protect the workers' safety; let us not only protect the workers' health, but let us also protect the workers' livelihood" and they could have worked out a compromise situation that would have done all three. It was within their power but they chose not to and they chose not to because at the time they couldn't, because they had backed themselves into that corner with their ostrich posture for the past year — their head in the sand — and refusing to admit that there was a problem.

The Member for Lakeside also insists that when we have the vote in a few short moments now, that we will be voting against specifics of the Budget. Well, I would only want to remind the Member for Lakeside — and I don't think that I should have to because he has been an honourable member of this House far longer than I have — that we are not voting on the specifics, but that stated plainly on the Orders of the Day, the proposed motion of the Honourable Minister of Finance is that this House approves in general the budgetary policy of the government. Plain and simple that we approve in general the budgetary policy of the government. And Mr. Speaker, notwithstanding some of the specifics of that Budget, I do not approve in general of the budgetary policy of this government.

Mr. Speaker, this is a "good time Charlie" Budget, to use the old song. It is condemned more by what it doesn't do than the little that it does do. The harm that it has on the economy of the province as a whole is harmed by default because the economic times demand action. The economic times demand affirmative and positive action, and this government has refused to use its mandate as government, has refused — well, the Member for Kildonan says that they don't know how, and I think there might be some truth in that also — but we do know for a fact that they have refused to use their mandate to deal with the economic problems of this province. You know, we have had economic mismanagement in this province for almost two years now, Mr. Speaker. I personally am getting tired of them. I'm certain you are getting tired of it, and I can tell you from the results of last Tuesday's vote that the people of this province are damned tired of it.

If this government has any one record that makes it outstanding, it's its ability to make the wrong move at the wrong time. That was its first year's program, the wrong move at the wrong time. Every action — (Interjection) — every action that this government has taken in the past two years has flown in the face of the economic reality that we are faced with. I know it. The 30,000 and some unemployed out there in the streets know it; the construction industry people know it; the 10,000 — the Member for Flin Flon tells me — that have flown the coop, left this province because there's nothing here for them any more, skilled tradespeople, young people, the cream

of our society, a few Tory voters, I'm certain, have left this province and gone to Saskatchewan and gone west because that's where the future is. That's where the future is. The Member for Lakeside says they're coming back. Well, I have to inform the Member for Lakeside that some of those people were my personal friends and they are not coming back. They are not coming back.

A MEMBER: Not for two years.

MR. COWAN: The Member for Lakeside is saying that he doesn't want good Manitobans back. That's what he is saying. So because of what they have done, Mr. Speaker, the economy has faltered worse than that, it has stumbled throughout the past 19 months. And in panic, because everything they did seemed to aggravate the situation everything they did was a wrong move, they decided to do the most logical thing, that's do nothing. Do nothing. And that's what we have now. We have a do-nothing Budget. They have for the first year and a half cooked their own stew and now they're making the people of the province stew in the Tory juices. And I don't think that is either fair or equitable.

This Budget, Mr. Speaker, assumes a healthy economy. It assumes increased spending levels. It is that sort of a Budget. It will fail if that does not exist, if we do not have those economic conditions coinciding with the implementation of the Budget. But using their own criteria, using their criteria, they have failed consistently. And they are left holding the short end of the stick, and the people of Manitoba, unfortunately, have to share that stick with them. Because, Mr. Speaker, if we look at the economy and we put it in the proper perspective, and by that I mean we are able to make valid and legitimate and reasonable comparisons with other sectors, other jurisdictions, other provinces within the country, then we find that we have not even been riding the coattails of the resurgence of the national economy, but we are being dragged along hanging onto the cuffs. Dragged along hanging onto the cuffs, because this province has not been able to keep up with the level of economic activity that the rest of the country has seen in the past 19 months.

The unemployment in this province, I have no need to tell you, nor the people of this province, nor the government, has reached deplorable levels. And it is increasing; it is not decreasing, Mr. Speaker. It is increasing. The labour force in this province in 1978 grew at a lesser rate than the national average. So they tell us that they have a good grip on the economy, that they're at the reins and we're going in the right direction and yet we can't even keep up with the national average. And in 1976, Mr. Speaker, in 1976 I have to add we were at the national average. While the Manitoba labour force grew by 15,000 persons its percentage increase, 3.3 percent, lagged behind the national increase of 3.7 percent. Yet in 1976 we find both the Manitoba economy and the Canadian economy sharing a growth rate of 2.3 percent. So while it was lesser than what it is today, it was at least at par with what the rest of the country was doing.

We see the increase in the number of employed, Mr. Speaker. In 1976 Manitoba's increase over the year previous was 2.2 percent. It exceeded the national level of 2.1 percent, and yet in 1978 the national level has grown to 3.4 percent and Manitoba's level has grown to 2.6 percent. And a lot of those people are now engaged in productive and economic work in the province of Saskatchewan and the province of Alberta, the province of B. C.

While we weren't keeping up with the increases in the labour force nationally and while we weren't keeping up with the increases in the number of employed, we were exceeding the statistics on a number of levels, Mr. Speaker. Manitoba unemployed, unfortunately, increased at a far greater rate than the national average. You know, in 1976 the increase in the unemployed over the previous year was 5 percent, less than the national average of 5.4 percent. But in 1978, Mr. Speaker, the increase in the unemployed in Manitoba was 14.8 percent over the previous year. 14.8 percent, and yet the national increase was only 7.2 percent, so where do we outstrip the national economy? Where do we outpace it? Where do we do better? In driving people out of the factories, out of the plants, out of the shops, out of the stores, onto the unemployment rolls and into the streets.

That's where that government has succeeded, and the Member for Inkster quite frequently says that that is a jewel of the Tory government. And from the statistics that I've just given you, we have to lend some credence to that argument, because if they are exerting an influence on the economy, if that government is doing that, then their influence must be reflecting their policies, and an increase in the unemployment rate must be reflecting what they perceive as proper policy.

You know, the Manitoba unemployment rate, Mr. Speaker, increased in 1978 over 1977 at the highest percentage of any province in the country of Canada. 10 percent, that unemployment rate went up as a percentage of itself. The highest increase of any province in Canada.

Mr. Speaker, it reached 6.5 percent, and the latest levels are even worse than that. 1.1 percent

increase in one month, a 1.1 percent increase in the unemployment rate in this province, the number of employed dropped, the number of the labour force dropped. Mr. Speaker, if the roles were reversed and they will be soon enough, but if the roles were reversed the rhetoric that would be flowing from this side, the rhetoric the Tories would be heaping and abusing us with if we had had that sort of an increase, it would burn your ears, Mr. Speaker. It would burn your ears. We have been rather kind to them. We have been rather kind. More than kind. Perhaps that's true. We have been kinder than the people of this province have been, because they said a few short days ago that they are tired of that sort of economic mismanagement of their lives.

This was a government, Mr. Speaker, that before it came in promised us industrial peace, promised us less confrontation, less conflict, a more equitable and co-operative society, and yet in 1978 we have a — and listen to the figures, Mr. Speaker — 1,404.6 percent increase in the number of days lost due to work stoppages such as strikes and lockouts. 1,404.6 percent increase. And when we bring this to the Minister's attention, I'm not sure he was aware of it, in all fairness to him. I'm not certain that he cared. But when we brought it to the Minister of Labour's attention what did he say? He said "That is a countrywide phenomena. The AIB has been pulled off and everybody is experiencing that phenomena." So we looked, we looked, Mr. Speaker, because we don't always take his judgment as being the correct judgment, and we found that while the country-wide increase was 123.5 percent, ours remained at over 1,000 percent, and that normally we shared about one percent of the number of workdays lost in Canada due to strikes and lockouts, in other words our total was about one percent of the total of time lost to work stoppages.

In 1976 it was 8/10 of one percent. In 1977 it was 6/10 of one percent, yet in 1978 it jumps to 4 percent. To 4 percent. So now we're outpacing the Canadian average again. Where are we outpacing it? We're outpacing it in a negative area. We're outpacing it in an area of confrontation and this was the government that promises just the opposite. So according to their own criteria again, they have failed and failed miserably. And it brings us, Mr. Speaker, to the average weekly wage — to the average weekly wage in this province, because this isn't one indicator of the prosperity of the average worker. How much they're making this year as compared to how much they're making last year, and the increase in 1978 over 1977 is 5.8 percent in the province of Manitoba. But we've fallen back to our old pattern, Mr. Speaker, that is less than the national average. The national average was 6.2 percent. So what do we have, what do we have, we have the workers of the province of Manitoba not sharing in the economic boom or the economic resurgence of the economy of the country as a whole. That's what we have — again, being dragged through the mud, hanging on to the cuffs — hanging on to the cuffs of the national economy. —(Interjection)—

I have to add, Mr. Speaker, while we're using the government's criteria, that they had promised to do something about inflation. They had promised to come in and rip apart the Civil Service; to decrease the spending levels of government. They only did one out of two there, they did rip apart the Civil Service, and it will take a long long : time to put it back to where it should have been, in a functioning efficient uody of workers in this province. They have done that but the correlation didn't happen.

Last year we had the second highest increase in the inflation rate in the country. Again, we're outstripping the national average — 9.8 percent, if my figures are correct, Mr. Speaker — 9.8 percent, one of the highest, the second highest I believe. In 1978 we had an 8.5 percent increase in the consumer price index. Yet, we only had a 5.8 percent increase in the average weekly wage. So what's happening? Last year, not only did the workers of this province fall behind in relative terms but they fell behind in absolute terms. The money that they make will buy less than it would have a year before. Given the 5.8 percent increase in wages and given the negative effect of an 8.5 percent in the consumer price index, we find them unable to enjoy the standard of living that they were able to the year before. And that government can take credit for it — they can take credit for it.

The slow growth rate of the province of Manitoba — the government takes credit for that also, it has to. Again, we have been outpaced by the Canadian economy and what did the government do; it did the wrong things. It aggravated the situation, it aggravated the downswing with their policies. Instead of coming in and doing something positive that would have helped us share in the resurgence of the national economy, they did negative, they did absolutely incorrect things.

Capital spending — I'm going to quote someone, Mr. Speaker, that I don't normally quote. It's the Canadian Federation of Independent Businesses and I'm sure the members opposite are aware of it. It was a presentation to their Premier and the Government of Manitoba that was made, I believe, earlier this year. And what they say in that presentation is, "The weakest area of the Manitoba economy is capital spending. Growth in the public and private sector spending is running away behind inflation." They accuse me and my colleagues quite often, Mr. Speaker, of "doom and gloom" but when their own friends, and by that I don't mean they aren't our friends, but when their own

self-avowed friends come to them and say, "Prospects are not much brighter for 1979 with the continued freeze on major construction projects and the slowing of housing expenditures." Do they accuse them of "doom and gloom?" They must, if they are honest and have integrity, they must. They must say, "Oh, just doom and gloom, doom and gloom." It's not, it is a reality, it is an economic reality. It is a reality that is paid for by the workers of this province and by the people of this province.

It goes on to say, that unemployment is becoming a serious problem in Manitoba. It is a serious problem in Manitoba, Mr. Speaker, it is a serious problem. It says, that it is estimated that an employment increase of only .7 percent forecast in 1979, that the unemployment level will reach 7.3 percent, which is an extremely high level for this region —(Interjection)— in certain categories. The Member for Wolseley says you can't get workers. Well, I'm telling the Member for Wolseley that in more categories, the workers can't get jobs.

We know the importance of capital spending to the economy, Mr. Speaker. The members opposite should know the importance of capital spending. —(Interjection)— Mining was another one of their promises. I remember before October 11th, 1977 — the date that the Member for Lakeside threw across these Chambers a few moments ago — that in Thompson there was a rumour going around and I'm not going to say who started it, but there was a rumour going through the mine and it was also going through many of the other small mining communities in the north, "Vote NDP and we're all going to lose our job' they're going to lay people off. NDP gets in and mining's going down the tubes." So, a lot of people in Thompson against their better judgment — they didn't make the same mistake twice — but against their better judgment voted against the NDP, not for the Tories but against the NDP. The finest thing that they ever did — well, there's 2,000 of those people — workers and their families. —(Interjection)— gone! they're in Saskatchewan and I was in Saskatchewan during the last election and you know what they told me? Well, they told me that they made a mistake once but they're voting NDP in that election and I think we all know what happened there. Saw a lot of my old friends — as a matter of fact, when I want to see a lot of my old friends from Thompson and Gillam, I have to go to Saskatchewan and see them because they've left. —(Interjection) —

But looking at their own figures, they promised us a bouyant mining economy. They promised that to the people of Manitoba and yet using their own figures, Mr. Speaker, from their own Budget Address, where it says, "The total value of mineral production in the province reached approximately \$466 million in 1978." That's an interesting term reached, because it implies reaching upward to myself. I've never thought of it reaching downward, but I guess it would mean the same in both instances because that's what happened. The next sentence goes on to say, "This represents a decrease of some 97 million from the value of production recorded in 1977. This decline is attributable to a drop in the value of metallic mineral production from 442 million in 1977 to 331 million in 1978." And we're talking primarily about Thompson, principally in response to large producer inventories in nickel which have been accumulated by the end of 1977. —(Interjection)— The Member for Inkster says that that is not true; that it was the election of a Conservative government that brought about that decrease and I tend to agree with him.

Because in Ontario where they had a Tory government, they had the same decrease. Yet one of the chief executives of INCO, after laying all these people off is quoted in Fortune Magazine as saying and I'm paraphrasing because I don't have the exact quote before me: "We did it in Manitoba and Ontario because they wouldn't let us do it in Guatemala and Indonesia." Now I'm not going to say that they have better governments in Guatemala and Indonesia, but I will say obviously they have tougher governments — that they have tougher governments. And what did this government do? They sat on their hands; the Minister of Mines apologized. He became the chief apologist for INCO in the province of Manitoba.

MR. SPEAKER: Order please. The Honourable Minister of Mines.

MR. RANSOM: The honourable member has said that I have apologized for something on behalf of INCO is untrue, that the last time I allowed the honourable member to make statements attributing them to me, I let them pass without interrupting them and was rewarded by further allegations — untrue allegations, Speaker. I must have this one on the record.

MR. COWAN: Thank you, Mr. Speaker. I'm not sure whether the Minister had a point of order but he certainly . . . —(Interjection)— I think what it boils down to, is what he considers apologist and what I consider an apologist. But I recall having some correspondence — I remember having some correspondence with the Minister shortly after INCO laid off all those employees, and he came back and he said, "Well, you know, it's because of high . . . Same thing as that." Same thing as it says in the Budget Address. Well, I stand corrected, Mr. Speaker, the Minister was apologizing

on behalf of his government. His government has become the chief apologist and I cannot fault the Minister for following government policy.

But, Mr. Speaker, they sat on their hands. You know, it's very interesting that those large inventories have been building for quite some time and yet a few short days — almost within hours of the election of a Conservative government in the province of Manitoba, we saw the layoffs begin. Now, any sane and rational person would have to draw a correlation. They could have done it before the election. Wouldn't that have been a blow to the NDP's chances during an election to have that massive layoff in the mining industry? Wouldn't that have been a blow? But did they do it, no, they did not do it. They did not do it. They waited until their friends were in power when they knew they would have a sympathetic ear.

Mr. Speaker, I am not as concerned and I have to make it very clear, that I'm not as concerned, although I am concerned for the reduced profits of the company, as I am for the impact that it has had on the workers in those communities who have had to abandon Thompson, abandon Gillam in droves. You know, they did a little repair work on the road going out of Thompson this year and the only reason — I drive that road quite frequently — and the reason I can think of is, Sir, is that the cars going out now were so loaded down with personal possessions that they had to level off that road. People were tearing their mufflers off; they were leaving in droves, they were flocking to Saskatchewan, Socialist Saskatchewan. That's where they were going to, Mr. Speaker, because Tory times are tough times. Tory times are perhaps the toughest of times and they knew it and they were getting out while the getting was good — because it hasn't gotten any better — it hasn't gotten any better.

Mr. Speaker, this is again from some statistics that were included in that federation brief, Federation of Independent Business, to the government. It shows in 1977, that there was an average of 6,500 employees in the mining industry in Manitoba. And let's just follow it because it goes by month after that; in '77, 6,500; in the first month of '78, 5,900 to 5,800, to 5,700, to 5,600, to 5,700, to 5,800, and back down to 5,700 and those are the latest figures that we have. But the decrease is consistent and the decrease is substantial and that is our loss. That is a loss to our province and a loss to those individuals also, Mr. Speaker. So that what they had promised by their own criteria, again a failure, absolute, no question, no doubt failed, it is their record, at least they are consistent in their failures. And that is why Thompson turned against the Tories on Tuesday. They're smartening up, they're smartening up.

You know, I've never seen a more sombre group of individuals than Wednesday morning or Wednesday afternoon when we came back to the House after the election. And they were sombre because like "Scrooge" of old, they had seen the ghosts of Christmas' future. They had seen the handwriting on the wall and they're worried.

The Member for The Pas got up and said, "I want to address a question to the interim Member for Thompson," and truer words have never been spoken in these Chambers, Mr. Speaker. Truer words, and the Member for Thompson is reported as saying in the Press that, "That vote is going to have no effect on their policies in northern Manitoba; that that vote is going to have no . . ." They are sealing their grave. They are nailing their own coffin shut. I don't want to see that happen, as much as I want to win those seats. I don't want to see that happen, because if anything was said in the Province of Manitoba on Tuesday, it was said, "You've been screwing the north for too long." That's what's been said.

And from the Reserve of 200 people to the towns of 20,000, they said, "Stop it." And what does the Member for Thompson say? "No effect — that was just an aberration, an anomaly it was because. . ."

A MEMBER: Sterling said that.

MR. COWAN: The First Minister said that also. "There's no reflection on their ability to govern in northern Manitoba, or throughout the province, because it wasn't only the north that got smart — it wasn't only the north. That was no reflection." Well, Sir!

A MEMBER: Gimli — Gimli got smart.

MR. COWAN: Gimli included. Yes indeed, there are more than one set of handwritings on the wall. —(Interjections)—

So that is why we saw what we saw last Tuesday in the Province of Manitoba. You know, the government has been ineffective, inefficient and ineffectual, and failed by their own criteria. And when you fail by your own criteria, Mr. Speaker, in essence you've failed through your own admission. That they have said, "We are going to come in and reduce the deficit ." — have they done that?

A MEMBER: No.

MR. COWAN: Does this Budget do that?

A MEMBER: No.

MR. COWAN: No. Nowhere in that Budget does it do that. Yet they promised they would do that. Now they have excuses. I believe the Member for Inkster refers to it as Envelope No. 1, and I'm anxious now to see what they're going to do with Envelope No. 2. —(Interjection)—

A MEMBER: Well, hey, they're not going to have another vote now.

MR. COWAN: The next time. I'm anxious to see what . . .

A MEMBER: They've got Envelope 3 left, that's all they've got.

MR. COWAN: That's right. But they have failed by their own admission, Mr. Speaker. And this we — and when I say "we", I say the people of Manitoba — have learned over the past 19 months.

MR. BARROW: The hard way.

MR. COWAN: Oh, the hard way, the Member for Flin Flon says, and he's absolutely correct. You know, some lessons are harder learnt than others. I remember a friend of mine — a friend of mine — voted for them in 1977.

A MEMBER: And he was your friend?

MR. COWAN: He was my friend, and he still is my friend, because we're all entitled to some mistakes. But I said, "Why, why'd you do that?" He says, "I wanted a change." Two months afterwards, this is when I was talking to him, two months after the election, he says, "But, I've had the change, and I'd sort of like to change back again now." — (Interjection) —

MR. COWAN: That's right, but he's stuck, and we're stuck. But we have learned — and the public has learned, as witnessed just a few short days ago. But the Conservatives are notoriously and historically slow learners, Mr. Speaker. They continue on in their folly, as witnessed by this Budget, dragging our economy through the mud. And by the way, while we have lagged behind national gains over the past 18 months, with the new government in power, I think we're going to catch up. I don't think we're going to do any better, but unfortunately I think that the country as a whole is going to follow the example of this province, and they're going to fall behind.

So when they come back and say in a year now, "Look, we're catching up with the national average" — beware, beware. It's that old reach up or reach down, you know, and they're reaching down, is what's happening. : So every one else is going to slow down, every one else is going to slow down. But there have been people who have benefitted from this government. I don't want to be unkind to them.

A MEMBER: Oh, be unkind, Jay.

MR. COWAN: No, no, it is not like me to be unkind, and I don't want to start that now. Who has benefitted? Let us look at it — the rich cousins. Of course, why didn't we know, it was their rich cousins who are reaping the benefits of Tory times. You know, Mr. Speaker, every Budget, almost every action they have taken in 19 months have acted to benefit those less in need, or in no need at all, rather than those in real need. That's not fair. That's not equitable. That's not the type of government I want. I am certain as a fair and equitable man, it is not the type of government that you want. And I can tell you that it is not the type of government that the people want.

You know, it's sort of topsyturvy Tory equality, the old trickle-down theory. You know, they take off succession duties, give more money to the rich and it'll trickle down. You know, I don't want it to trickle down; I want to earn it fair and square. I want to be employed. I, like those 31,000 people, want an honest day's labour. :

But what do they do? What do they do? They remove the succession duties, mineral acreage

tax. Even their income tax deductions are arranged in such a manner as to provide the rich with more benefit than the poor. —(Interjection)—

The Minister of Mines asks me if I will put it back. I tell the Minister of Mines, let the people put us back in government, let the people put us back in government, and then we will deal in a fair and equitable way with the economy of this province — that I can guarantee him.

And now, we have a mining royalty tax that's been introduced in the Budget, that can only mean that the people of Manitoba are going to have to take more out of their pockets so that the owners of Sherritt-Gordon and Inco have to take less out of theirs — and Hudson Bay Mining and Smelting. That's what happens.

You know, in Saskatchewan as an example, Socialist Saskatchewan, where they have some good programs in place, where they have a growing economy far outstripping the economy of this province, where they have some fairness in an equitable society — honesty and integrity. They derive \$495 million from resource revenue — \$495 million. In Ontario, on the other side of us, they get \$45 million. Now, who is suffering in that sort of arrangement?

You know, the mining industry in Saskatchewan is booming. The figures read exactly the opposite as they do here. They are not laying people off, they are not letting people go, they are not forcing people out of their province. They're drawing them in, because there's work, and there's good work, there's fair work, and there's opportunity in that province. But in their headlong rush to yesterday which they have been hell-bent on since they've gained power, they're trying to bring back the prosperity of the NDP 70's — they're trying to bring back the prosperity of the 70's, using the traditional Tory economic levers of the 30's, and it's not going to work. It's not going to work.

The Tory times, Sir, indeed are hard times. And you and I, and the people of this province' have to pay; the unemployed have to pay; the people leaving the province have to pay; the underdeveloped have to pay; the people in the north have to pay. Tory times are hard times because of Budgets such as this. Do-nothing Budgets — out of step with the times; out of touch with the economic reality of the day; a 1960's Budget, Mr. Speaker, a Good Time Charlie's Budget that does nothing to meet the very substantial and the very urgent needs of the people of this province.

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

MR. JORGENSEN: Mr. Speaker, it's been an interesting spectacle watching honourable gentlemen opposite, attempting to justify their reasons for voting against the Budget, that is endeavouring to do the very thing that they continuously complain about — inflation. I'm rather amused by the twists and the turns and the contortions that have been exhibited by my honourable friends opposite in their efforts to — which is their right — to criticize the government. But in the process, tripping all over themselves, tripping over their words, contradicting themselves, and playing both ends against the middles and being what comes natural to them — a bunch of hypocrites.

Mr. Speaker, their talk, their constant claims to represent the ordinary people, the low-income worker, and those that are disadvantaged, fall pretty hollow in the light of the position that they take in this House, and the position that they take across this country on a daily basis.

Mr. Speaker, let me give you one example, and that is the example of the stabilization of Hydro rates. The intention of the Budget was to provide some assurance to the people of this province that there would be no increases in Hydro rates for the next five years. One would have thought that that policy would have met with some approval on the part of honourable gentlemen opposite. Just this morning, the Member for Burrows was asking questions about milk price increases. And it's rather interesting to listen to him. The last time he made a speech against milk price increases was in 1969, before the government changed. And in spite of the fact, Sir, that during the 18-year period, from 1961 to 1969 there was only a 12 cent increase per quart in the price of milk.

The next five years, Sir the price of milk went up 24 cents. Never heard a word from the Member for Burrows, not a single word. NOOW TODAY WHEN THE Milk Control Board, and I might say that the Milk Control Board is a board set up by the government, and the members of that board were appointed by my honourable friends opposite, and they have the responsibility of hearing representations from the producers, from the processors and the consumers and then making a decision to determine what price increases may be necessary in order to sustain the industry.

I think that the Board came to the conclusion that the price increases that they had granted were those that were necessary in order to sustain the industry, and part of those increases, part of the costs — as a matter of fact a rather substantial part of the cost of producing milk is the cost of electricity. They don't want the prices to increase, nor do they want the price of Hydro to be stable. —(Interjection)— "Oh sure," we do my honourable friend says. The biggest hypocrite of them all says that.

MR. SPEAKER: Order please. Order please. The Honourable Member for Elmwood with a point of order.

MR. DOERN: Mr. Speaker, the House Leader knows full well that the word "hypocrite" is unparliamentary and unacceptable. It's listed in Beauchesne. It is not in accordance with the correct conduct in the House and he should withdraw the statement.

MR. SPEAKER: Order please. The word "hypocritical" has in some cases been termed as being unparliamentary and in some cases has been termed as being quite parliamentary. I refer to Page 112. The Honourable Minister of Consumer Affairs.

MR. JORGENSEN: Mr. Speaker, I want to assure my honourable friend from Elmwood that I am not reluctant to . . .

MR. SPEAKER: Order please. Is the Honourable Minister speaking on a point of order?

MR. JORGENSEN: Yes, I'm speaking on the point of order that was raised by my honourable friend from Elmwood, and I'm just telling him that I will withdraw that word. But I want to warn my honourable friends opposite that I have heard them use words in this Chamber time after time that are far more derogatory than the one that I've used. And you, Sir, have never drawn that to their attention, and they have used it with impunity. And for that, Sir, I've described them. I've described them and I think I've described them accurately. It's fine if it's used by themselves, but they object when somebody else uses the same term.

MR. SPEAKER: Order please. The Honourable Member for Kildonan on a point of order.

MR. PETER FOX: Mr. Speaker, my point of order is, if the Honourable House Leader is such a parliamentarian, he should know that he should not reflect upon the Chair's adjudication or rulings, and that . . .

MR. SPEAKER: Order please. The Honourable Member has no point of order. The Honourable Minister of Consumer Affairs.

MR. JORGENSEN: Mr. Speaker, the position of my honourable friends opposite now becomes obvious. When they rise on points of order, on meaningless points of order, I might add, because as you have said, Sir, they don't have points of order.

But I want to draw the House's attention to an exchange that took place on March 21st, 1974 in connection with Hydro rates when the Member for Riel, the Minister of Finance, asked this question of the Chairman of Hydro. He says, "At what point are our power rates going to double in Manitoba?" and the response of the Chairman of Hydro at that time was, "I would anticipate within 15 or 20 year we might have double the power rates." Sir, it only took honourable gentlemen 36 months for the power rates to double. 36 months.

MR. ENNS: And you ask why the Chairman was removed? And you ask?

MR. JORGENSEN: They ask why the Chairman was removed, and they also ask "Why do we want to stabilize Hydro rates?" Well, Sir, we want to stabilize Hydro rates because it is an important part of the cost of producers, not only agricultural producers. It is an important part of the cost of rent and my honourable friends complain when rents go up. It is an important part of the cost of manufacturing. It is the important part of everybody's everyday living. And in endeavouring to stabilize those rates we are attempting to do what we think is one of the most important objectives of government, and that is to stabilize inflation rates or to hold down or reduce inflation rates. —(Interjection)— They're going to vote against it. They object to that, Sir. And there's a very good reason why they object to it. Because my honourable friends want inflation to continue. That is a craving desire on the part of my honourable friends, because, Sir, they've learned something.

MR. ENNS: They thrive on inflation.

MR. JORGENSEN: They've learned something. They cannot implement, they cannot implement their policies without the wealth that is necessary to finance them. And the only way that they can

acquire that wealth on their own is either through high taxation, and of course that forces people out of business, and then they have the excuse of taking those businesses over or they . . .

A MEMBER: Family farms and the churches.

MR. JORGENSEN: We have the example. My honourable friends know that the only way they're going to acquire that money is to nationalize the industries and the producing industries of this country. That is the objective, Sir. That's the objective. And it always has been the objective. My honourable friends try to hide behind that cloak, try to hide, try to hide behind their cloak of reasonableness, but we know what the objective is, Sir. And we know what they've attempted to do. And that's what frustrates the Honourable Member for Inkster so much. When we start selling off all of those industries that they acquired, when we start selling the land that they acquired, when we start giving it back to the people, it is no wonder they object to that, Sir. Because that, Sir, is the way their plans are frustrated.

I recall my honourable friend from Inkster when he was, I believe it was right in this seat, Sir, when he said, "When we are in government, then we will progress." And in his terms progressing is moving further and further to the left. And his objective is the ultimate to the left.

A MEMBER: Communism.

MR. JORGENSEN: And he said when we are in government, we will just stand still. And what bothers him, and what bothers him so much, Sir, is that we're not standing still. We're getting rid of his direction. We're going in the opposite direction. We are returning to the people. We are returning to the people of this country that which they own, that which is rightfully theirs; they're going to have the power to create the wealth in this country, not the bureaucrats and not the politicians. That's where the power to create wealth rightfully belongs. And Sir, as long as we're on this side of the House we're going to continue to give to the people of this province the right to create wealth. Because it is only in the wealth-producing sector that you're going to be able to finance the programs that will help the poor, that will create the jobs and will do the things that everybody in society wants to happen.

Domino, Downey, Driedger, Enns, Ferguson, Galbraith, Gourlay, Hyde, Johnston, Jorgenson, Kovnats, MacMaster, McGill, McKenzie, Mercier, Minaker, Ransom, Sherman, Steen and Wilson.

NAYS: *Messrs. Adam, Barrow, Boyce, Cherniack, Cowan, Doern, Evans, Fox, Green, Jenkins, McBryde, Malinowski, Miller, Parasiuk, Pawley, Uruski and Walding.*

MR. CLERK: Yeas 26, Nays 17.

MR. SPEAKER: I declare the motion carried.
The Honourable Member for Inkster.

MR. GREEN: Mr. Speaker, my colleague, the Member for Lac du Bonnet, was not here and was not paired. But if he was here, he would have voted against the motion, Mr. Speaker.

BUSINESS OF THE HOUSE

MR. SPEAKER: The Honourable Government House Leader.

MR. JORGENSEN: Mr. Speaker, the Economic Development Committee will be meeting on Tuesday, the 29th, at 10:00 o'clock to consider the Annual Report of the Communities Economic Development Fund.

I wonder, Mr. Speaker, if there would be a general disposition for the House to adjourn at this time? If so, I would move, seconded by the Minister of Highways, that the House do now adjourn.

MOTION presented and carried and the House was accordingly adjourned and stands adjourned until 2:30 on Monday.