

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, 23 March, 1987.

Time — 1:30 p.m.

OPENING PRAYER by Madam Speaker.

MADAM SPEAKER, Hon. M. Phillips: Presenting Petitions . . . Reading and Receiving Petitions . . .

SPEAKER'S RULING

MADAM SPEAKER: Under sub-rule 81(9), it is my duty to report to the House that the petition presented by the Honourable Member for Charleswood on Friday, March 20, does not comply with the practices and privileges of the House or with the Rules of the House, in that the petition:

- (a) was not filed with the Clerk at least 24 hours before presenting to the House, as required by sub-rule 81(1);
- (b) was not endorsed by the MLA presenting it, as required by sub-rule 81(6);
- (c) was not prepared in the same form as the model petition set out in Appendix "A" to the Rules, as referenced in sub-rule 81(6); and
- (d) was not addressed to the Legislative Assembly of Manitoba, as indicated in the model petition and as required by rulings of Speakers Hespeler in 1901, and Bilton in 1968.

The honourable member's petition, therefore, is not in order and may not be proceeded with.

May I suggest that members wishing to present general petitions, which are historically uncommon in this House, may wish to consult with the Clerk before presenting them, to ensure that they are in order.

Presenting Reports by Standing and Special Committees . . .

MINISTERIAL STATEMENTS AND TABLING OF REPORTS

MADAM SPEAKER: The Honourable Minister of Highways and Transportation.

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

I would like to report to this House on my presentation to the Railway Transport Committee this morning to appeal CN's proposal to adjust the grain rate structure.

The Manitoba Government believes this variable rate structure is unfair and further complicates the already precarious circumstances faced by many of Canada's grain producers. We support lower grain freight rates, but they must be applied fairly throughout the system.

The discriminatory system being proposed by CN would only apply to producers delivering to 47 preselected centres on the prairies. In addition, the \$1.50 a tonne discount being proposed would be applicable only to grain shipments of 18 hopper cars or more.

It would not include shipments originating on lines with light rail and would not include shipments in boxcars. It therefore would not include the Port of Churchill, thereby seriously undermining the viability of Canada's northern port.

But, the Port of Churchill would only be one casualty of the CN rate structure proposal. The Manitoba Government believes that volume-based incentive rates from select points will lead very quickly to the accelerated closure of elevators and abandonment of branch lines.

A number of Manitoba's rural communities, particularly the smaller ones, would suffer economically. Many producers shipping from communities excluded from the reduced rates would ship their purchases to dealers and stores at delivery points with the lower rates. The shift in grain deliveries would represent an increase in heavy truck traffic and would create a heavier cost burden on municipal and provincial roads.

Approval of the CN proposal would set a most dangerous precedent. Such a precedent would create a ripple effect, transferring physical and financial burdens from the railways and the Federal Government to the Provincial Government, municipalities, communities and producers.

In order that Manitoba's goal of regional economic development be supported we must strongly oppose the CN proposal. The Manitoba Government strongly urges that any necessary modifications to the grain rate structure and delivery system involve all those affected by its implications. This includes railways, the Federal Government, producers, communities, grain companies and the Provincial Government. It is only through this kind of representation and mechanism that we will be able to ensure that all factors are considered in the development of a system which is not only responsive, but responsible as well.

It is my privilege to table a copy of our submission for the information of members of this House, Madam Speaker.

MADAM SPEAKER: The Honourable Member for Ste. Rose.

MR. G. CUMMINGS: Thank you, Madam Speaker. I thank the Minister for a copy of his comments.

It seems to me that in the area of freight rates and the future of grain transportation in Western Canada that we should not close the door on any options that may be available to the producers of rural Manitoba and rural Western Canada. Certainly, we don't want to see the decimation and the destruction of small communities through wholesale abandonment of rail lines, but certainly, Madam Speaker, all possibilities for economical transportation of grain out of this country must be explored and I look forward to continuing this debate.

MADAM SPEAKER: The Honourable Minister of Municipal Affairs.

HON. J. BUCKLASCHUK: Yes, thank you, Madam Speaker.

Last Thursday, I undertook to provide a full statement responding to a number of allegations with respect to the operations of MPIC. I just made a statement to the press and copies of that statement are being provided to the House very shortly.

At the same time, Madam Speaker, I would like to transmit to the Leader of the Opposition minutes of the Board of Directors meetings of MPIC as requested. A copy will be provided for the Clerk of the House in a minute or two.

MADAM SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: I just wonder for the record, Madam Speaker, if I can confirm, as I understand these are the minutes that have had any commercial confidentiality items removed from them; and in discussion with the Premier this morning I was given the assurance that a representative of our caucus would be able to compare these to the original minutes so that we would be able to confirm the areas that have been removed from the minutes. I wonder if the Premier could indicate where our representative would have to attend in order to be able to make the comparison, and at what point in time. Can it be done immediately?

MADAM SPEAKER: We're not in Oral Questions yet. This is highly irregular in terms of ministerial statements. I wasn't sure whether it was tabling of reports that we're under.

The Honourable First Minister has leave to respond to the question asked? (Agreed)

The Honourable First Minister.

HON. H. PAWLEY: Madam Speaker, the understanding is that the minutes could be examined at the Manitoba Public Insurance Corporation offices, and that could be done immediately.

Secondly, it's understood that those areas that have been removed because of commercial interest had been deleted, but that the confidentiality will be respected. And also it's understood it will not be a precedent for future such situations pertaining to minutes.

MADAM SPEAKER: Notices of Motion . . .

INTRODUCTION OF BILLS

HON. M. SMITH introduced, by leave, Bill No. 11, The Change of Name Act; Loi sur le changement de nom.

HON. J. PLOHMAN introduced, by leave, Bill No. 12, An Act to Amend The Highways and Transportation Department Act; Loi modifiant la Loi sur le ministère de la Voirie et du Transport.

SPEAKER'S RULING

MADAM SPEAKER: Before moving to Oral Questions, I have a ruling to present to the House that I took under advisement.

On Thursday, March 19, 1987, the Leader of the Opposition rose on a Matter of Privilege, alleging that the Minister responsible for MPIC had misled the House.

When a matter of privilege is raised, before allowing it to be proceeded with, the Speaker must be satisfied that:

- (a) the matter is being raised at the earliest opportunity;
- (b) the member raising the matter must conclude his or her remarks with a motion proposing a reparation or a remedy; and
- (c) sufficient evidence must be presented to suggest that a breach of privilege has occurred to warrant setting aside the regularly scheduled business of the House.

The Honourable Leader of the Opposition did conclude his remarks with a motion, thereby satisfying condition (b).

On the matter of timeliness, I believe that as the extent of the corporation's losses were known on March 17 (the day on which the MPIC Annual Report was tabled) the matter of privilege could have been raised that day.

In relation to the establishment of a prima facie case, the following extracts from the authorities apply:

Maingot's "Parliamentary Privilege in Canada" states on page 205 that:

"A second procedure, akin to privilege because it would entail the disciplinary power of the House and would gain the same precedence in debate, relates to the conduct of a member. A member of the House of Commons who, for example, has admitted to have deliberately misled the House would probably forthwith be the subject of a motion for contempt."

On Page 205 Maingot also makes the following observations respecting the distinction between "misleading" and "deliberately misleading":

"To allege that a member has misled the House is a matter of order rather than privilege and is not unparliamentary whether or not it is qualified by the adjective "unintentionally" or "inadvertently." To allege that a member has deliberately misled the House is also a matter of "order," and is indeed unparliamentary. However, deliberately misleading statements may be treated as a contempt."

From the foregoing, it is clear that a member has breached the privileges of the House or committed a contempt against the House by misleading the House only if the member has clearly done so deliberately.

The motion offered by the Honourable Leader of the Opposition refers to the Minister having "misled" the House rather than having "deliberately misled" it. A member raising a matter of privilege which charges that another member has "deliberately misled" the House must support his or her charge with proof of intent. No such proof was presented by the Honourable Opposition Leader.

I, therefore, rule that the honourable member's matter of privilege is out of order because he failed to establish a prima facie case as required by Beauchesne, Citation 84.

ORAL QUESTIONS

MPIC - reinsurance losses

MADAM SPEAKER: The Honourable Leader of the Opposition.

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

On Friday, I asked, as a result of the statement that was made by the Minister on Thursday, who is conducting the internal review into MPIC's reinsurance losses, to whom is that person reporting, and what are the terms of reference of that internal review?

MADAM SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Madam Speaker, as the Minister has indicated already this morning, a request was made to the Minister of Finance to have the Provincial Auditor do an audit of the corporation's reinsurance practices. The terms of reference for that inquiry, I gather, have been made available, or are being made available to honourable members, and will be tabled.

MR. G. FILMON: Madam Speaker, it's interesting that no statement has been made to the House and that the Premier was unaware of that on Friday.

Friday, as well, Madam Speaker, the Minister responsible for MPIC stated that in 1984, he and the board were made aware that the potential losses on reinsurance were \$12 million or \$14 million.

My question to the Premier is: Did the Minister report this to the Premier at that time or at any time since?

HON. H. PAWLEY: Madam Speaker, I'm checking my records to ascertain any date of any reporting of any particular information.

Certainly, insofar as the serious unreporting of the losses, that information was conveyed, as the Minister has indicated, approximately the same time that the information was received by him from Mr. Silver.

MR. G. FILMON: Is the Premier saying that he was not made aware of a \$12 million or \$14 million potential loss in reinsurance at MPIC in 1984 when the Minister became aware of it?

HON. H. PAWLEY: Madam Speaker, what I indicated is that I was checking the records to ascertain the date of any advice as to a \$12 million to \$14 million loss in regard to the reinsurance. Once those records are properly checked and I can ensure that accurate and full information is provided, then that will be so conveyed to the House.

MR. G. FILMON: My question further to the Premier is: Is it the normal practice of the government under his leadership to not have major items of loss that would affect a Crown corporation or a department to the extent of more than \$10 million not be reported to the Premier or to Cabinet?

HON. H. PAWLEY: Madam Speaker, I didn't believe I had said it had not been reported. I indicated I was checking my records in respect to same.

MR. G. FILMON: Madam Speaker, so is the Premier just indicating then that he can't recall it having been reported?

HON. H. PAWLEY: Madam Speaker, I've already indicated that I am checking so to ensure that I can provide the honourable member with full and accurate information.

MR. G. FILMON: Does the Premier recall the reinsurance losses having been discussed with him back in 1984?

HON. H. PAWLEY: Madam Speaker, I've accepted that question as notice.

MPIC - reinsurance losses - awareness of by former Minister

MR. G. FILMON: Madam Speaker, just to be absolutely clear, I was not asking whether he has a record of it; I was asking whether he recalls it. He can say that without looking up the record; but, Madam Speaker, I accept the fact that he can't recall.

So, Madam Speaker, I'll ask the Premier whether or not he has spoken to the Minister of Natural Resources, who was the chairman of the board of Autopac in 1985, as to when he, as chairman of the board, was made aware of these massive reinsurance losses, whether they be the 12 million or 14 million that the Minister responsible now acknowledges he was aware of in '84, or whether they be the 36 million.

Has he checked with that Minister, who was then chairman of the board, to find out whether he had been made aware in 1984 or 1985 of the losses of 12 million or 14 million?

HON. H. PAWLEY: Madam Speaker, I thought we were having a Public Utilities Committee meeting tomorrow morning in which all the questions, all the information could be provided. That was indeed my understanding, and I think that it would be well worthwhile on the part of the Leader of the Opposition to pose such questions tomorrow morning.

MR. G. FILMON: Madam Speaker, is the Premier indicating that it doesn't matter to him whether or not the Minister of Natural Resources, in his role as chairman of MPIC, it doesn't matter to him whether or not he was made aware of the situation?

MADAM SPEAKER: Order please.

That question seeks a personal opinion.

MR. D. ORCHARD: It also seeks knowledge.

MR. G. FILMON: Madam Speaker, I wonder then if the Premier can indicate whether or not the Minister of Natural Resources will be at the committee meetings to enter into the discussion on the topic?

HON. H. PAWLEY: Madam Speaker, let me assure the Leader of the Opposition, because there appears to be some misapprehension, honourable members on this side of the Chamber, including the Minister responsible for the Manitoba Public Insurance Corporation, and the Minister responsible for Natural Resources, are most anxious to be at the committee

tomorrow, most anxious to provide full and complete information. The Leader of the Opposition need not worry about members on this side not being anxious to give full and clear information and the Leader of the Opposition, I believe, ought to rest assured that his concerns and the concerns of some others are totally unnecessary.

MR. G. FILMON: Then, since the Premier is unable to answer questions about his knowledge and his responsibility or lack of same on the matter, I wonder if he would indicate whether or not he plans to be at the committee meetings tomorrow morning.

HON. H. PAWLEY: Madam Speaker, the Leader of the Opposition wishes to continue to pretend that I can't recall. My advice to the Leader of the Opposition is that when I provide information to this Chamber it be thoroughly checked out so there's no question as to the accuracy of that information. That is being checked out.

As to the committee meetings tomorrow, the committee hearing will be in good hands tomorrow. The Minister responsible for the Manitoba Public Insurance Corporation, the Minister responsible for that insurance corporation, is anxious, as are all members on this side of the Chamber, to provide full and complete information tomorrow.

MPIC - signature on Annual Report

MR. G. FILMON: Madam Speaker, I regret that the Premier is not going to make himself available then to respond to his recollections at the committee.

My further question to the Minister responsible for MPIC is: last Friday the Minister acknowledged that both he and the board, in fact I'll quote from Hansard to ensure that I have it right, his statement in response to the question: "Was he given a report on the \$12 million of reinsurance loss in 1984?" His response was, "In 1984, the potential loss that we were shown was \$12 million or \$14 million."

My question to the Minister responsible is: Why did he sign an annual report, as Minister responsible, that showed only a \$4.8 million loss in reinsurance?

MADAM SPEAKER: The Honourable Minister responsible for MPIC.

HON. J. BUCKLASCHUK: Madam Speaker, we'll be able to deal with that question specifically tomorrow in the committee meeting. However -(Interjection)- yes, I'm prepared to answer today. The \$4.8 million figure in the 1984 report is a consolidation of a number of branches within the general insurance division in which was incorporated a \$12 million loss on the reinsurance section.

MPIC - reinsurance losses

MR. G. FILMON: Madam Speaker, on whose advice was that figure of \$12 million or \$14 million not shown directly, but rather buried in a consolidation of other items?

HON. J. BUCKLASCHUK: If the member would check all annual reports from 1975 on, from the time that

MPIC has been in the general insurance business, one will find that the reinsurance losses or profits have never been separated out, they've been consolidated into one block . . .

MR. G. FILMON: Madam Speaker, the Minister indicates that they had not been separated out until this year. This year, there is a specific reference to the reinsurance losses. So on whose advice was that item separated out this year?

HON. J. BUCKLASCHUK: I will have to take that question as notice, but I think the fact that we have shown the \$36 million potential claims is an indication of the openness of this government.

MR. G. FILMON: Madam Speaker, that's precisely the case, and it shows an indication to cover up for five years preceding this annual report . . .

MADAM SPEAKER: Does the honourable member have a question?

MR. G. FILMON: Absolutely.

MADAM SPEAKER: Question period is not a time for debate. Does the honourable member have a question?

MR. G. FILMON: Yes, Madam Speaker, I certainly do have a question.

Madam Speaker, why was there no note in previous financial statements so that, in fact, the reinsurance losses could never be known or understood by reading the financial statement or the annual report until this year? Why was there no statement identifying it?

HON. J. BUCKLASCHUK: Madam Speaker, I suppose the member could well be asking why there weren't statements between 1977-81. It is not the Minister or the board who directs what statements are to be attached to the financial statements. That is a responsibility of the external auditors.

MR. G. FILMON: Madam Speaker, the simple answer is that, in previous years, there weren't those massive losses and they didn't need to have . . .

MADAM SPEAKER: Order please.

MR. G. FILMON: . . . a specific statement.

MPIC - reinsurance losses

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

MR. G. FILMON: Madam Speaker, on Friday, in response to questions by the Member for Pembina, the Minister made a couple of statements. Firstly, he said, and I quote: "In 1984, the potential loss that we were shown was \$12 million or \$14 million. Six or seven months ago, we have been advised that the real situation was around \$36.7 million."

My question to the Minister responsible is: Why did he not pursue the matter of reinsurance losses that he

knew to be in the magnitude of \$12 million or \$14 million in 1984? Why did it come as a surprise to him by 1987 that it had grown to 36 million? Did he never along the way ask any questions about whether or not the reinsurance losses were continuing, were increasing, were decreasing? Why did he not further question it in that three-year period?

HON. J. BUCKLASCHUK: Madam Speaker, I think that we could best respond to that in committee tomorrow. It is rather complicated. But I also want to assure the member that each month the board of directors are provided with an ongoing status report on both the Autopac section and the General Division section. The board was aware of what the potential losses were based on information derived from 1984, but they were not aware of the \$36.7 million figure until it was provided to it in the fall of '87, after some very thorough review and examination had been made of some problem treaties or agreements.

MR. G. FILMON: Madam Speaker, did he not ask questions in 1985 or in 1986? Why were the questions only brought to light in 1987 when there was known to be a potential loss in 1984 of \$12 million to \$14 million? Was he not asking his senior officials or, in fact, the audit firm to keep him aware of the reinsurance losses in that three-year period of time?

HON. J. BUCKLASCHUK: Madam Speaker, that question is almost repetitious but, when we get into committee tomorrow, the member will learn that in fact a study was undertaken in 1984 as to the exposure risk in the Reinsurance Branch. A final report portraying the best guess, because potential claims are nothing more than informed guesses, showed that the corporation was at risk for \$36.7 million.

MR. G. FILMON: I wonder if the Minister responsible will table that report.

HON. J. BUCKLASCHUK: Madam Speaker, I'm quite prepared to have that report available to members at the committee tomorrow.

MR. G. FILMON: Madam Speaker, I wonder, given the desire for openness that the Premier referred to about those committee meetings, if he would table it now so that we would have an opportunity to review it so that we would know the content and be on somewhat of an equal footing with the Minister going into the committee meetings tomorrow. Would he table that report today?

HON. J. BUCKLASCHUK: Madam Speaker, I don't have the document with me right at the present time, but I will have it for all members of the committee tomorrow morning. We have already provided some five years of minutes which, I think, will give a pretty good indication of how the board was dealing with reinsurance. The member has been authorized by the Premier to go to the original minutes to review whatever aspects of the minutes he or his designate may wish to do so.

MR. G. FILMON: My question is for the Premier.

He has indicated publicly that he wants to have a full and complete airing of the matter at committee tomorrow. We've had indicated that the report will be tabled tomorrow. It's obviously available, has been available for some time. Would the Premier not implore his Minister responsible to ensure that we get a copy this afternoon? We'll run off our own copies for other members so that our side will be able to review it prior to the committee meetings.

HON. J. BUCKLASCHUK: Madam Speaker, indeed I think we have been quite cooperative. We gave a commitment on Friday to provide access to the minutes. The minutes have now been provided wide-open. That is, any aspect of the minutes may be reviewed - in confidence, the commercial parts. Certainly, that particular report or document and any other reports relevant to the reinsurance issue will be provided at committee tomorrow morning.

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

We are preparing for a committee meeting tomorrow morning which presumably is to be a meaningful committee meeting at which we get to investigate and ask questions about a very complicated matter on reinsurance. My question to the Premier is: Will he not instruct his Minister responsible to make the report available on reinsurance losses - a very long and complex case study, as I understand it - to us this afternoon by, say, four o'clock so that we can review it prior to committee meeting tomorrow and have a thorough and complete opportunity to review it, and so both sides of the House can do a proper job at committee . . .

MADAM SPEAKER: Order please, order please.

May I remind the honourable member that questions should not multiply with slight variation a similar question on the same point or repeat in substance a question already answered or to which an answer has been refused.

The Honourable Leader of the Opposition.

MR. G. FILMON: Madam Speaker, is the Premier going to be a part of this cover-up, or is he going to let us have the report so that we can know it?

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please.

The Honourable First Minister.

HON. H. PAWLEY: I just heard the allegation by the Leader of the Opposition. It's a kind of allegation that we on this side of the House have become accustomed to hearing from the Leader of the Opposition.

MADAM SPEAKER: Order please.

HON. H. PAWLEY: He asked me a question, Madam Speaker; I'm answering that question.

This government has bent over backwards to provide full and complete information to honourable members across the way. We will continue to do so. Tomorrow,

Madam Speaker, the Minister has indicated that full and complete information will be provided; questions will be answered.

Madam Speaker, what we have across the way is honourable members trying to create a fictional situation, because they don't want to deal with the real issues of this province: jobs, agriculture, health and the vital services of this province. That's what we are faced with from the Opposition.

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please.

MR. G. FILMON: The Premier's actions speak louder than his words.

MADAM SPEAKER: Order please, order please.

MR. G. FILMON: That is the cover-up we are talking about.

MADAM SPEAKER: Order please, order please.

May I remind all honourable members that this is Oral Question period.

MPIC - internal audits

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

MR. G. FILMON: A further question to the Minister responsible for MPIC.

Madam Speaker, he has acknowledged publicly that he was made aware of \$12 million to \$14 million worth of losses in the reinsurance division in 1984. Last year, he called in the Auditor on the case of a \$3,000 bone china purchase and the relationship between the president and his secretary. Why would he not have called in the Auditor to do an investigation of a risk of \$12 million to \$14 million, and potentially much higher according to the report he is not referring to? Why would he not call the Auditor in to do a complete examination of that and instead call him in to look at \$3,000 worth of bone china?

MADAM SPEAKER: The Honourable Minister responsible for MPIC.

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

I am indeed very pleased that with those comments the Leader of the Opposition has told Manitobans how he felt about the allegations against Mr. Laufer. I did consider them to be serious. Our government considers them to be serious. . . . (Interjection)-

MADAM SPEAKER: Order please.

HON. J. BUCKLASCHUK: That is why Mr. Laufer's employment was terminated.

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please.

HON. J. BUCKLASCHUK: With respect to the \$12 million, when we get into committee tomorrow, I am quite prepared to go back through the records of '77, '78, '79, '80 and show to all Manitobans the fact that there were losses of \$9 million and \$10 million during those years. The fact that you have a \$12-million loss, well, granted it is a serious concern; the member should be aware, as was stated in the committee meetings in '85-'86. In 1984, the Manitoba Public Insurance Corporation hired a reinsurance manager to review, to provide further review, because I say Mr. Laufer, in fact, had started the review on his own in 1983. With the hiring of Mr. Amadou Dabo, in 1984, a much more thorough review was carried out by a reinsurance expert and emanating from Mr. Dabo's review, was the report provided to us in October of '86 which showed potential claims of \$36.7 million which has been openly displayed in the 1986 annual report.

Budget - burden on individuals

MADAM SPEAKER: The Honourable Member for River Heights.

MRS. S. CARSTAIRS: Madam Speaker, my question is to the Minister of Finance.

In yesterday's Winnipeg Free Press, the study of the Budget prepared by an accounting firm confirmed a sad fact which Manitobans are coming to recognize. It demonstrated that the newest Budget will hit lower-income earners the hardest and that it showed those at \$27,600 incomes will suffer a 21-percent increase and those at \$225,000, a 10-percent increase.

My question is, in light of this: Does the Minister of Finance stand by his statement in the Budget that Manitoba charges reduced taxes for lower- and middle-income families whose incomes are from employment?

MADAM SPEAKER: The Honourable Minister of Finance.

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

As I indicated, in terms of what the Provincial Government has done, in terms of trying to get the necessary revenue to maintain the services that Manitobans want, is to provide the revenues in the fairest and balanced way possible. The Budget provides measures to get additional income from large corporations in our province, and through the income tax system, provides for needed revenue for the province in the fairest way possible.

I would point out to the member opposite that this system we put in place in Manitoba is not the ideal system. We have constantly said that the federal income tax system has to be changed. The errors that have taken place, with respect to that system over a long period of time, errors that were put in place mainly by the Liberal Governments previously of which she is a member of that party and have continued under the Conservative Government are the reason that we have limited choices in terms of how we brought in additional measures to get revenue for needed services in the Province of Manitoba. The mechanism we used was the fairest possible given the constraints that were placed on us by the Federal Government in terms of the income tax system.

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

MRS. S. CARSTAIRS: Thank you, Madam Speaker. Given the fact that the Budget will increase taxes for single taxpayers of \$13,000 of income, and the fact that Stats Canada reports that the average family income in Manitoba last year was \$34,851, does the Minister therefore agree to the plain and simple truth that this Budget indeed adversely affects individuals in the lower- and middle-income groups?

MADAM SPEAKER: That question seeks an opinion. The Honourable Member for River Heights

MRS. S. CARSTAIRS: Thank you, Madam Speaker. Does the Minister believe, agree, does he in fact state, in his Budget that it does not deal fairly with those in the middle income of this province?

HON. E. KOSTYRA: I believe I agree that this Budget does treat Manitobans fairly in terms of how we've taken steps to maintain vital services, at the same time raise the revenue in as fair a way as possible. As I indicated, it's not the perfect system because of the inadequacies of the federal system, but it's a lot fairer than the kind of changes that have been taking place in other provinces.

Would the member suggest that it is fair to increase medical premiums for Manitobans, that that would be fair to moderate- and low-income Manitobans? Would it be fair at the same time, as the province does something like that, that they increase income taxes and reduce expenditures on hospitals and education? Would she agree that is fair, Madam Speaker?

We have taken our responsibilities seriously in ensuring that we have the necessary revenue and we have done it in the fairest way possible, the fairest way possible for moderate- and low-income Manitobans and to getting additional revenues from those at higher income levels.

Administrative costs - limited to inflation rate

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

MRS. S. CARSTAIRS: To the same Minister, Madam Speaker.

Given the fact that this government also has an obligation to the people of the province to control administrative costs, why has the Minister of Finance not required that administrative costs of departments, including his own, be limited to the inflation rate or lower?

HON. E. KOSTYRA: The answer is that we have done that. In fact, overall administration costs in this Budget for all departments are at levels that are just slightly higher than the previous year and are rates lower than the cost of inflation.

Farmers - relief from education tax

MADAM SPEAKER: The Honourable Member for Virden.

MR. G. FINDLAY: Thank you, Madam Speaker. My question is to the Minister of Agriculture.

Last Tuesday, I asked him for some clarification on the education tax assistance policy that was announced in the Budget. I asked him specifically about the father-son family farm procreation situations, where the land was owned under one name, whether the two \$500 units would qualify.

Madam Speaker, at that time, the Member for Lac du Bonnet said, yes, from his seat, the Minister of Agriculture said the details would come and farmers have phoned the Department of Agriculture officials and had been told the answer is no.

Would the Minister inform the House and the farmers of Manitoba what is the correct government policy on this situation?

MADAM SPEAKER: The Honourable Minister of Agriculture.

HON. B. URUSKI: Madam Speaker, there are discussions still under way between our staff, Municipal Affairs staff, Department of Finance and municipal officials in the field. There are a number of issues that are yet at the finalization stage in terms of how the program can in fact best be delivered. Those kinds of questions and answers will in fact be tabled in this House and for all Manitobans to be made aware of when the announcement will be made, Madam Speaker.

MACC - interest forgiveness on loans

MR. G. FINDLAY: Farmers are making their budgets now and they need answers to those questions immediately, if not last week.

There was also \$29 million in MACC for interest rate write-down. Madam Speaker, would he tell the House whether farmers with MACC mortgages will receive interest forgiveness because of this policy?

HON. B. URUSKI: Madam Speaker, the announcement that we made was to provide options for MACC clients in the nature of a buy-down and not a write-down.

The honourable member should be aware that while we've made provisions and will be making our announcements in terms of the budgetary announcement, the honourable member accused us just several weeks ago of wanting to provide millions of dollars of financial support that the province could not undertake, and he compared us to Saskatchewan, Madam Speaker, in terms of the loan funds and operating capital.

I want to remind my honourable friend that the benefits that are provided in the budgetary announcements made here are equal to and greater, on an average per-farm basis, than those in Saskatchewan, Madam Speaker, just for my honourable friend's information.

MR. G. FINDLAY: Madam Speaker, I challenge the Minister to table that information to see if it's factual.

Budget - increased costs to farmers

MR. G. FINDLAY: Madam Speaker, my supplementary question to the Minister is: Because of the Budget and tax increases in the Budget to farmers, such as retail sales tax, 2 percent net income tax, and fee increases to hydro, telephone, and there are increased living costs to all farmers because of this Budget, because of the 20 percent increase in fees . . .

MADAM SPEAKER: Does the honourable have a question?

MR. G. FINDLAY: . . . under agriculture, Madam Speaker, will the Minister tell this House and the farmers of Manitoba what is the total increased cost to the farmers of this province because of the Budget and the fee increases on utilities this year? What total dollars of taxation will be collected from the farm community?

MADAM SPEAKER: May I remind the honourable member, Beauchesne's Citation 357(t), which says it is not in order to ". . . impugn the accuracy of information conveyed to the House by a Minister."

The Honourable Minister of Agriculture.

HON. B. URUSKI: Madam Speaker, I am surprised at my honourable friend. On the one hand, he is indicating that farmers are facing desperate times, and we, in this government, have acknowledged that; on the other hand, he is saying that a 2 percent income tax on higher income people will hurt farmers of Manitoba.

Madam Speaker, who is he speaking for in this House? Is it the banks or the farmers? Because only the banks should be paying that kind of tax.

Madam Speaker, this Budget does not tax any of the major inputs that farmers have in terms of their farming operations. We collect no revenues on gasoline; we collect no revenues on fertilizers; we collect no revenues on farm fuels. Madam Speaker, this Budget provides increased benefits for farmers who transfer their land. There's no land transfer tax on farmers, including the education tax.

The move that we will be making on interest rates and lease-back arrangements for farmers, rather than an option to leave farmers on the land, will be a significant benefit to the farmers of Manitoba and should send a clear message to all public and private lenders, the FCC and the banks, that we want people on the land, not to kick them out, Madam Speaker.

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

MR. G. FINDLAY: A final supplementary, Madam Speaker.

Because of the taxation on small business, Simplot particularly is one example, there's going to be an increased cost passed to the farmer, Madam Speaker. The credit crunch comes in April.

Does this Minister know how many acres of Manitoba farm land will not be seeded this spring because of this Budget?

HON. B. URUSKI: Madam Speaker, members on this side and the Premier of this province have already

advised the Federal Government that they have to make a clear indication of what is happening in the grain industry and what will happen in the grain industry.

Madam Speaker, I've said this before, and I'll repeat it for my honourable friend. When grain prices were dropped by 20 percent, that one move alone, Madam Speaker, wiped out all the hundreds of millions of dollars of support that this government provided over the last five years to the farm sector. That's what really happened, Madam Speaker.

Let the honourable member get up and not defend his colleagues in Ottawa, but tell them that farmers need an indication of what kind of support the grain industry in this country will have in the next few months, Madam Speaker.

MPIC - reinsurance losses

MADAM SPEAKER: The Honourable Member for Pembina.

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

In 1984, was the Minister informed that the potential loss in the reinsurance division would approach \$24 million?

MADAM SPEAKER: The Honourable Minister responsible for MPIC.

HON. J. BUCKLASCHUK: Madam Speaker, rather than getting into an argument as to whether it was 23 or 24 or 12.1 or whatever, I would prefer that specific questions of that nature be dealt with at committee tomorrow when we will have the information at hand.

MR. D. ORCHARD: Well, Madam Speaker, is the Minister saying that he can say 24 million at a press conference at one o'clock and not confirm that figure in the House today? Is he saying he doesn't know what he said one hour ago at a press conference where he indicated it was \$24 million?

HON. J. BUCKLASCHUK: Madam Speaker, the Member for Pembina is clearly grandstanding again. The information provided at the news conference about one hour ago is accurate. The substantiation of that information will be provided at the committee tomorrow, and we will wait until that time.

Budget - increased taxation

MADAM SPEAKER: The Honourable Member for Arthur.

MR. J. DOWNEY: Madam Speaker, I have a question to the Minister of Finance.

In view of the statement coming from Brandon's largest private sector business, the Simplot Chemical Company, Madam Speaker, indicating that it will cost them \$1 million because of his Budget in increased taxes on hydro and employment taxes, and that they are unable to pass it onto the farm community because of the depressed times in the farm community in

competition, I ask the Minister of Finance if he will reconsider his ill-conceived Budget and taxation on employment and hydro use in this province?

MADAM SPEAKER: The Honourable Minister of Finance.

HON. E. KOSTYRA: Thank you, Madam Speaker. No, I will not reconsider this Budget, Madam Speaker. I believe that this Budget does address the needs of Manitoba and it tends to raise revenue in the fairest way possible.

Is the member suggesting that we ought not to look at increased revenues from corporations at the same time we're asking other Manitobans to share fairly in terms of the need for revenues to maintain the services? Or would the member suggest that we ought to reduce the aid that is provided in this Budget to agriculture or to health or to education?

Those are the choices we're facing, Madam Speaker, and we think that we faced up to those difficult choices in a fair and balanced manner.

MR. J. DOWNEY: Madam Speaker, will the Minister then come clean with the people of Manitoba and will he tell his First Minister that jobs are not a priority to the government, that agriculture is not a priority to the government; that it's his own tax grab for his own political purposes . . .

MADAM SPEAKER: Order please. Order, order please!

MR. J. DOWNEY: . . . is the most important thing that the New Democrats . . .

MADAM SPEAKER: Order please. Order, order please! I rule the question out of order.

The Honourable Member for Arthur will rephrase his question.

MR. J. DOWNEY: Madam Speaker, will the Minister meet with the people not only in Simplot, but will he go back throughout the province as he did prior to his Budget and justify why he didn't listen to them in the preparation of the Budget?

HON. E. KOSTYRA: Madam Speaker, we did listen to the needs of Manitoba in terms of what was contained in the Budget, and for the member to suggest, as he has, that the economy in this province isn't performing well is doing damage to the truth.

If you look at any of the economic indicators that exist today from any of the agencies, it indicates the Manitoba economy is doing better than the average across Canada, that we presently have the lowest unemployment rates in all of the country, and I think that bears testimony to the activities of this government in terms of creating jobs for Manitobans.

Manitoba Universities Development Fund - function of

MADAM SPEAKER: The Honourable Member for Kildonan.

MR. M. DOLIN: Madam Speaker, my question is to the Minister of Education.

In the Budget, there was a reference to the Manitoba Universities Development Fund. I'm wondering if the Minister could advise the House as to what specific function that this fund will provide.

MADAM SPEAKER: The Honourable Minister of Education.

HON. J. STORIE: Thank you, Madam Speaker. I certainly appreciate that question. I think it's a great improvement over the kinds of questions that were asked the other day which took cheap shots at people involved in the system.

Madam Speaker, the University Development Fund is designed really to accomplish three things that the universities, the government, the students and faculty have been asking for, for a number of years, and that is provide capital dollars to (a) contribute to major capital facilities development. It's also intended to provide provincial support to the ongoing fundraising activities which all of the universities have begun; and, finally, it's intended to provide capital for the equipment upgrade and the facility upgrade that's needed at our universities.

Madam Speaker, it's a major program; it follows along with our commitment to improve the post-secondary education system in the province and work with the universities, the faculties, and the students at the same time in doing that. It's an important initiative, Madam Speaker.

Manitoba Universities Development Fund - upgrading Science lab U of M

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

The concerns expressed by the Science Department at the University of Manitoba, in particular, will this fund be able to assist them to upgrade the lab equipment to bring those programs into the latter part of the 20th Century?

HON. J. STORIE: Yes, Madam Speaker, it will allow the university some freedom as they determine the minor capital versus major capital acquisitions for our scientific equipment and the facilities in which that equipment is housed.

Madam Speaker, the \$20 million will go a long way to addressing the immediate concerns. It will certainly work in conjunction with the fundraising efforts, and I should say that the university faculty and the students have been extremely cooperative in lending their support to this, I think, cooperative venture.

MADAM SPEAKER: The time for Oral Questions has expired.

ORDERS OF THE DAY COMMITTEE CHANGE

MADAM SPEAKER: The Honourable Member for Kildonan.

MR. M. DOLIN: Thank you, Madam Speaker.

I move, seconded by the Member for Ellice, that the composition of the Standing Committee on Public Utilities and Natural Resources be amended as follows: the Hon. R. Penner replacing the Hon. M. Smith.

BUDGET DEBATE

MADAM SPEAKER: On the proposed motion of the Honourable Minister of Finance and the proposed amendment of the Honourable Leader of the Opposition, standing in the name of the Honourable Minister of Energy and Mines, who has 25 minutes.

HON. W. PARASIUK: Thank you, Madam Speaker.

Madam Speaker, when I spoke on this on Friday, I was trying to establish the context within which governments today that have to govern, and that the situation is I think somewhat different than the 1970's; and that this government has in fact, over the last five years, governed in a way that has both provided for the protection of vital services for the people of Manitoba. It has governed in a way that it has added to job creation in this province, so that we have the best record of unemployment in this entire country. We also have the fairest system of taxation in this country, having brought in a Budget that I think - in the last Budget especially - crystalizes everything, a long-term commitment to services. It's a commitment that is better than the commitment of any government, federal or provincial in this country, and we on this side are very proud to support a budgetary effort that does that.

I want to set the context because if one didn't get newspapers, other than the Winnipeg Free Press and the Winnipeg Sun, and you didn't have an idea of what was happening around the world and other provinces, you'd think that this Budget, in isolation, raises taxes and that we're the only government that wants to raise taxes.

We believe on this side that you have to provide social services like health, education and community services and we, as the government, are prepared to tax fairly to do that. What's been happening in other provincial jurisdictions? The Free Press would never print this - either would the Winnipeg Sun - but the headline in the Globe and Mail says that Albertans are hit with a \$1 billion tax increase, twice per capita Manitoba. This is the richest province in the entire country that is doing that, and what are they doing with respect to the social services? -(Interjection)-

I hear comments on the other side about how much sales tax. Let me ask the Member for Virden, how much do we pay in Manitoba as Medicare premiums as opposed to the people in Alberta who are paying Medicare premiums which, by the way, his kissing cousins, the Conservatives in Alberta, have increased by something in the order of 33 percent to 40 percent a year this year? Let him defend that type of social irresponsibility. That recognizes the difference in approach.

The Conservatives on the other side would back billions of dollars in tax increases. They would back a situation where Saskatchewan sets a record for fiscal irresponsibility, and that's a headline in a paper that didn't appear in the Winnipeg Sun or the Winnipeg Free Press. It did appear in a paper that is closer to home,

for the Member for Morris; it's called the Scratching River Post. It's the headline of a column written by Warner Jorgenson who used to be a member of this Legislature.

It indicates the approach that they have taken, a \$1.2 billion deficit. We have a situation where this province had the highest deficit when it took office, succeeding the Conservatives across the way, because that was the situation regarding the economic context in which we took our turn to govern. We now find ourselves, five years later, with the lowest provincial deficit in Western Canada, and the Conservative provinces to the west of us have increased their deficits in the \$1 billion, \$2 billion and \$3 billion range, and that is the approach that the Conservatives have taken.

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

You also have another approach, another headline, again in the Globe and Mail - certainly not in the Winnipeg Free Press, certainly not in the Winnipeg Sun. That would require those papers to go beyond the borders of Manitoba to try and establish a context and have some intellectual honesty, and we know how dishonest, intellectually, the Winnipeg Free Press is and the Winnipeg Sun. The article says that the economists fail the British Columbia Socreds, in terms of economics. They point out that the cutback policy of the Social Credit Party and the Conservative Party in British Columbia, because they're one and the same, led to a situation where they ended up with 13 percent unemployment and deficits in the \$2 billion and \$3 billion range, that that approach didn't work at all. It didn't revive the economy; the economy's plummeted; it's gone from bad to worse; it hasn't helped the unemployment. The unemployment's gone to a tragic level in such a rich province, and you have situations there where they've had 25 percent cutbacks in the level of social services provided by that province. And we have members on the other side saying that's the approach we should be following; we should indeed be cutting the deficit like Bill Bennett or cutting the deficit like Getty, who has imposed a 3 percent cut on hospitals. We have a 9 percent increase in hospitals and we're quite prepared, Mr. Deputy Speaker, to debate that approach to government, because what's happening is that the people are getting a good chance to see how Conservatives govern provincially.

They certainly have a good chance to see how the federal Conservatives have governed not only with respect to the way in which they operate which relates not at all to any vision of the country, which has no idea of how these regions operate, which does not have, as a basis, honest government. They've had a chance to comment negatively on that type of approach by federal Conservatives, but they've also had a chance to see how their budgets have worked.

The headline, again in another paper other than the Winnipeg Free Press, states that only the rich have escaped the Tory tax bite nationally. All other groups of Canadians have in fact been taxed, but it's the super rich and the rich in this country that have been the major beneficiaries of Conservative fiscal policy and taxation policy. So we know that there is a difference in this country.

We have a New Democratic approach, which says we provide services. We make sure that we provide

jobs, and we try and deal with the deficit over a long period of time without sacrificing services and without sacrificing jobs. That's the New Democratic Party approach. We in Manitoba symbolize that approach in concrete tangible terms because we are a government. We're the only New Democratic Government, apart from the Yukon, and the Yukon has done wonders as well.

So they've had a chance to judge us and judge the Tories, in hard, concrete experience. That is indeed why, in terms of the polls, we are finding ourselves in a situation where people are recognizing that the New Democratic Party approach, which makes such eminent sense at the provincial level, also makes sense nationally. That's one reason why we've gone up to 34 percent in the latest polls, while the Conservatives, as I said before quoting a Montreal Gazette article: "The Conservative Government, an anvil in free flight . . . have dropped down to 22 percent or 24 percent. That indeed is a reflection of people's ideas on how government should operate.

Now what we have as well is we have Conservatives on the other side saying that New Democratic Party Governments spend a lot of money on assistants. They call them hacks and flacks. I disagree with that vehemently. I have attended federal-provincial conferences where the Manitoba delegation is the smallest delegation. We have technical people attending with the Ministers; we might have a delegation of four or five. We do not bring a set of political assistants, especially at the ministerial level. But I've been at federal-provincial conferences where Conservative governments have had two and three political assistants, who were classified to do nothing else but that, and that's a reflection of the approach that they have taken.

I indeed would like to draw the members' attention on the other side to the Conservative approach to assistants. They might recall that, when I was a member of the back bench last year, I asked the Premier questions about Dalton Camp. I asked them questions about whether, in fact, the appointment of Dalton Camp to not the Prime Minister's Office, which is a recognized political job, but rather putting him into the Privy Council Office, which is a Civil Service job, which is a complete undermining and prostitution of that particular function - appointing Dalton Camp to a Deputy Minister's position would indeed mean that the West would be shafted further.

Whether in fact this man, that John Diefenbaker's ghost, which is being undermined by Brian Mulroney, would it not indeed be buried by Dalton Camp, who wants to finish off the job that he carried out so effectively in the Sixties?

It's interesting to note in published reports that it was Dalton Camp arguing within the Privy Council, supposedly as a civil servant when he was indeed a Tory hatchet man, that the CF-18 should not go to Winnipeg but that rather the CF-18 should go to Montreal, and the press reports from Eastern Canada, based on interviews with people from the Mulroney Cabinet, indicated that it was Dalton Camp's arguments that finally swung the decision of the Conservative Government to make sure that contract which should have gone to Western Canada, which should have gone to Manitoba, which should have gone to Winnipeg, indeed was shifted over to Montreal.

This is not just the loss of those jobs. It's the tremendous undermining of the aerospace industry, just like the transfer of Air Canada from Manitoba was a loss in jobs at that time, but it was also an undermining of future development. So that now in Montreal, we have 10,000 jobs associated with Air Canada in and around Air Canada, suppliers, as workers in Air Canada, and we don't have those jobs in Winnipeg. Just think how different Winnipeg would be today if we had those 10,000 jobs here in Winnipeg. But the Liberals hurt us in that respect.

Now we find that that the Conservatives have added injury to insult in a massive form, because what they are doing is that they dead-ending Winnipeg as an aerospace centre, and they are using all of their lobbying to ensure that Montreal benefits at the expense of Winnipeg - Winnipeg, which has historically been an aerospace centre of this country.

Mr. Camp, by the way, is this Conservative appointment who isn't being paid \$50,000, isn't being paid \$100,000.00. Mr. Camp gets a salary of over \$100,000; it's in the order of about \$122,000.00. He gets a chauffeur; he gets a secretary. They're saying the costs associated with Dalton Camp's appointment are .25 million. Who pays for that? Manitoba taxpayers pay for that. Do you hear one whimper from Conservatives on the other side? Indeed they will go to fund-raising dinners which, no doubt, will be organized by Dalton Camp, because that's how strong their principles are.

We were being criticized that very few, if any, Manitoba New Democrats attended the press conference whereby the consolation prize, the CF-5, was given to Bristol Aerospace. It was, in fact, the Conservatives who lined up like little puppy dogs there, being tossed a little bone, smiling, whimpering, wagging their tails, and thanking the Honourable Jake Epp for giving us this bone which, in effect, puts the nail in the coffin of future aerospace development because that is a dead-end contract. It expires in 10 years. It deals with a phase-out plane. It deals with a plane that won't exist for 10 years.

We, in fact, debated that issue when we were at the National Convention. We were proud to debate that issue. It's sad again that the Winnipeg Free Press misrepresented that issue as well. That issue was dealt with. We talked about the CF-18. We talked about it in the context of what a fair and equitable national policy is. We are prepared to debate that here. We are prepared to debate that in Montreal. We are prepared to debate that in Ottawa, because we do not want a crooked Conservative system operating, whereby they give economic development assistance on the basis of straight political opportunism. We want a national program that is based on the notion of fairness, equity and comparative advantage. So we're prepared to debate that here; we're prepared to debate that in Montreal; we're prepared to debate that in Ottawa in the larger context because we believe that, by debating it that way, we make the point far more effectively.

Now the other thing that I've heard in this debate by the Conservatives on the other side is that they keep talking about Crown corporation losses. We've heard them. They act as if Crown corporation losses only occur in Conservative administrations. Now we have had a loss with Manitoba Telephone System. We have

a contingency in place for the Public Insurance Corporation.

I don't find those particularly unusual, because private corporations in the insurance field have had losses that are far greater than \$36 million. Canadian Indemnity, a Winnipeg firm, has had very major losses in the reinsurance and general insurance field. Does that mean that is not part of the business trend? There's a business trend. Some years, you're going to make gains and some years you will make losses, especially if these things come together in a negative way, and we've had that with MPIC. But we've certainly had a far better record with MPIC than has been the record of private insurance corporations.

They, I think, are trying to undermine the whole concept of MPIC. They tried it between 1977 and 1981. They said that they, for ideological reasons, wanted to get rid of it. But no one's coming along and measuring the difference in premiums between MPIC today and the private auto insurers in Ontario or Alberta because, if one took that difference into account, we would make up any losses we have incurred fivefold. But we don't operate that way. We try and operate as close to cost of provision of services as possible. That's why we have the best record with MPIC and that's why, despite all the protestations by members on the other side, the public wants MPIC to be publically owned and operated. The public wants MTS to be publically owned and operated. They want Manitoba Hydro to be publically owned and operated.

They see what the Social Credit Party is doing in B.C. The Social Credit Party is trying to sell off one of the dams in the Kootenays to an American company; they don't want that.

So they've got faith in Crown corporations. And they know that the New Democrats in this country have operated Crown corporations in a far better way than have Conservatives, by and large. Again, I quote from the Globe and Mail. This is dated February 13. This would never appear in the Winnipeg Free Press or Winnipeg Sun because, again, that would require too much intellectual honesty on their part. But it talks about Crown firms taking a bath in Alberta. It says that the Province in Alberta has kicked in more than \$350 million in subsidies to various Crown corporations during the 1985-86 fiscal year; \$350 million, that's Conservative management; brilliant businessmen, businesspeople. They come along saying people on this side don't have the ability to run these things well. Well, let me assure you the people of Manitoba don't have the natural wealth that the Conservatives in Alberta have had and as a result we have to try harder; as a result we have to work harder; and as a result we do a better job.

We have not had \$350 million in Crown losses. They've had the losses to their Mortgage and Housing Corporation, \$287 million. They've lost \$153 million in the Agricultural Development Corporation. They've lost \$185 million in the Alberta hail and crop insurance. They've lost \$43 million in the Alberta Municipal Finance Corporation. That is Conservative management. So, when they come along and try and paint a picture that somehow ideologically the New Democrats don't run Crown corporations, let's put it in a proper context. Let's look at what's happening right across this country.

The reason why we have to raise these points in debate or on radio and television is that you have

newspapers that don't want to provide this information. You can see very clearly the line of misinformation or selective information that they try and provide to the people of Manitoba.

A MEMBER: What's that Willie?

HON. W. PARASIUK: Well, they have this ideological bias against the New Democratic Party Government. The reason why they have that bias is that despite all their protestations over the last 50 years saying the Government of Manitoba shouldn't do this, shouldn't do that, and shouldn't do whatever, we have never followed the advice of the Winnipeg Free Press. We brought in Medicare. We've abolished Medicare premiums. We brought in Autopac. We brought in Home Care. We brought in all of those things that have been so good for the people of Manitoba despite the bad wisdom and the bad advice offered by the Winnipeg Free Press. They would be far too embarrassed to point out to the public how bad historically their advice has been.

The thing that I find quite intriguing is when Conservatives on the other side point to their benches as the great managers of this province, and when I was offering congratulations at the beginning, I did not offer congratulations to Sterling Lyon's appointment to a judgeship. One of the reasons why I never is that I believe that what has never been fully explained has been the role of Sterling Lyon - the ex-Premier of this province, and the ex-leader of the Conservative party - what's never been explained has been the role of Sterling Lyon as a director of the Canadian Commercial Bank when it went bankrupt after receiving very great public assistance.

It went bankrupt after having given major dividend increases to the narrow group of shareholders that held that company. If that business practice had been followed by people here on this side, which we have not followed, everyone would be calling for the resignation of this government, but they quietly shovel that particular piece of very pertinent information about how Conservatives manage under the rug. He used to say that New Democrats couldn't run a peanut stand. Well, his legacy is having turned a Canadian commercial bank into a peanut stand. That is the level of their vision, Mr. Deputy Speaker.

Now, I want to turn quickly to a couple of issues. One of these is the issue of Hydro, because we've had Conservatives on the other side, again, providing a great deal of misinformation about Hydro development. They have indicated that we don't have sales to warrant Limestone development. What nonsense. The Northern States Power sale was geared to the start-up date of Limestone. It is the one sale that is geared to Limestone.

We announced other arrangements that we have pursued with other groups in the United States that would begin in 1996 and 1997 which would have implications possibly for the start-up date of the next Hydro dam, Conawapa. We have a lot of time to consummate those particular arrangements. We have in fact consummated one of them. That is a formal agreement that has now been approved and it is before the National Energy Board, and the other two are being worked on. The other two have indeed run into some

delay problems because there are some concerns by the people on the other side of the border as to how they will apportion transmission costs, not on the Manitoba side of the border, but rather on the American side of the border. So, we look forward to those sales being consummated. It may take another 6 months or 9 months.

We have been pursuing sales with Ontario Hydro and we believe that those will fall into place over the course of the next year or two. So, I think we should rest assured, Mr. Deputy Speaker, that Hydro development in this province is in very good hands because it's a New Democratic Party hand. It certainly isn't in Conservative hands.

It was the Conservatives that introduced a rate freeze that ran down the reserves, that politically interfered with the development of Hydro and put us completely and totally behind the eight ball. It was the Leader of the Opposition, the present Member for Tuxedo, who a year ago called for the removal of the exchange rate stabilization assistance from the province. This year when we removed it with respect to U.S. funds, he complains about it saying, I never asked for that last year. But, Mr. Deputy Speaker, these questions and these concerns by the Member for Tuxedo are in Hansard, so he can't run from this one just as he's run from other issues where he says one thing one year and turns tail and says something completely opposite the next year.

My final point relates to natural gas. We in this province should get a far better deal on natural gas prices. It'll be the New Democratic Party Government that'll fight to ensure that takes place. It won't be the Conservatives on the other side. They are too timid. They lack the vision, but it is the people on this side who will take the case forward for all consumers in this province. We will fight the issue in the Public Utilities Board. We'll fight the issue with Alberta, with the suppliers of natural gas, and we will ensure that the people of Manitoba get a fair price, one that should be at least 25 to 30 percent lower than it is today, a price that ultimately will mean an extra \$50 million to \$60 million in spending power to Manitobans because they'll be spending \$50 million to \$60 million less on natural gas. That'll have tremendous implications on this economy. It'll have tremendous implications in terms of the multiplier effect.

We are pursuing that course of action. It'll be interesting to see ultimately where the Conservatives sit on this particular issue. I believe that despite the protestations of the Member for Lakeside, that Conservatives when it comes to the crunch of either defending the public interests and the consumer interests of Manitoba as opposed to the private monopolistic-capital interests, will indeed defend the private capital interests, monopoly interests as opposed to those of the people of Manitoba as a whole.

So, this will be an interesting issue, Mr. Deputy Speaker, to find out which side are the Tories on. Are they for the people of Manitoba or are they against them, and time will tell on that and I certainly look forward to bringing that issue forward before them and before the people of Manitoba, because we know which side the New Democratic Party Government stands on. They stand firmly on the side of the people of Manitoba.

MR. DEPUTY SPEAKER: The Honourable Member for Kirkfield Park.

MRS. G. HAMMOND: Thank you, Mr. Deputy Speaker.

Mr. Deputy Speaker, I am pleased to rise to support the amendment put forward by our leader. In fact, it's a motion that bears repeating because as the days go on the motion becomes truer and truer. The motion regrets that in presenting its Budget, the Government:

- (1) Imposed the largest tax increase on the people of Manitoba in our province's history; and
- (2) Introduced new taxes and cost increases which will destroy our ability to attract investment and job creation; and
- (3) By refusing to introduce any efficiency or improved management has again increased expenditures at double the expected rate of inflation this year; and
- (4) Committed Manitobans to ever-increasing tax burdens in future as a result of its incompetence and fiscal mismanagement.

After the Budget on Monday night, Mr. Deputy Speaker, I went home angry, and I'm still angry at this insensitive Budget. Mr. Deputy Speaker, I wish to just state some of the issues that I am not going to talk about in this Budget but will talk at a later date, and that's women's issues and the poor, the government spending in this Budget, and the taxes will still be taxing the poor. I'm not going to refer to the fact that our health care is going to be dependent on whether people buy lottery tickets or lose their money gambling. I'm not going to speak about home care or the CF-18, how our Premier says one thing in Manitoba and nothing in Quebec; the Jobs Fund, where already we're seeing that we're losing with the payroll tax, we're going to lose jobs, Simplot in Brandon - that's just the beginning - or Agriculture or Education or Child and Family Services.

What I am going to speak on today, Mr. Deputy Speaker, is I'm going to speak for the people whom I represent, the majority, middle-income earners, average Manitobans. I would like to dwell on some of the people in this province who have raised their families and are now close to the top of their salary range. These are the people who now can afford to take the odd trip, can spend some more money on entertainment, but mainly this age group, these people who have raised their families, have paid their taxes, this is the time that they are going to be saving for their retirement.

Not everyone in this age group has big pensions. They've worked hard all their lives and they've paid taxes, willing to pay their fair share. On the whole, they are one-income families. In the early years, most struggling as all young families do, paying off a mortgage, feeding and clothing and nurturing their children, still paying taxes, pushing and pulling their children through school and then, hopefully, helping these same children go to university, community colleges, trade schools, or let them live at home for next to nothing if they went to work straight from high school at low-paying jobs. This is where these people spent their money, spent their time. These are the community that we live in. These people represent the middle-income earners.

I'm not talking about the rich or the wealthy. I am talking - and I must repeat - about the middle-income earners, who have paid their dues and are getting close to retirement. These are people who are used to taking

care of themselves and their families with no help from the government. These are the people who have been the volunteers in the community. These are the people who donate to every worthy cause and, when more is needed, dig a little deeper. These are the people who belong to the service clubs, who keep the community clubs going, the coaches, men and women both, the volunteers to run the children's programs, the seniors' programs, the block parents. These are the people who start and make sure that the Neighbourhood Watches are running correctly. They are the Brownie and Guide leaders in our community, the Cubs and Scouts. They are Big Brothers and Big Sisters. These are the middle-income earners, the givers.

And how has this government treated the givers, the backbone of this province, the people who will be donating to the Variety Club to help this insensitive government build a new Intensive Care Unit for children at the Health Sciences Centre? They won't be able to deduct their charitable donations before the government grabs its share, nor their medical expenses, nor disability deductions. This is a mean-spirited Budget by a mean-spirited government. Manitobans are a generous lot, and they wouldn't have minded paying more if they could see an end to the reckless spending by this NDP Government, if they could see the confiscation of their hard-earned money being spent wisely. But all they see is waste and a decline in services.

Mr. Deputy Speaker, I had a number of constituents call me over the weekend, and people that I bumped into when I was out in the community. One called - she was furious that this Budget was no benefit to anyone. It was a tax grab to pay interest on the debt. Another called, when is it going to stop? We're average Manitobans; we're not wealthy. Well unfortunately, it's not going to stop. This government got into this trouble by spending above the rate of inflation, and they are still spending at two times the rate of inflation.

These people who I'm speaking for and about, the middle-income earners, and I state it again and again, have worked hard for their money. They have pulled back when the economy went sour. The majority work in the private sector, no such things as COLA (the cost-of-living increase), no such thing as job security. Most went without raises for a number of years and some took cuts in pay, but this government goes merrily along thinking it can spend its way out of trouble. No wonder the average Manitoban is furious about this Budget.

Since 1981, they have seen their purchasing power decrease. Their wages today buy fewer groceries. Property taxes in Winnipeg, the highest in Canada, and people are dreading to see what reassessment is going to cost them; Autopac increased anywhere from 9 percent to 30 percent; Telephones, 11.5 percent; and Hydro, 5 percent and then a further 4.7 percent one-time-forever tax - one time. It's wonderful what they can do with words.

Manitoba's middle-income earners will have the dubious honour of paying the second-highest personal income taxes in the country. The middle-income earner has always paid more than their fair share to help the poor and the disadvantaged and, in most cases, happy to be able to do it. What they are unhappy about is a government which has squandered their money, and has no hope of getting out of the mess they're in. There's no plan.

The Member for Morris, our Finance Critic, was asking the Minister of Finance, where is a plan? Give us a five-year projection. Tell us how you're going to get us out of this mess, and then there won't be the crying about the extra taxes. But of course they can't do that. I would be very surprised, after this Budget, if the NDP can hoodwink the people of Manitoba a third time.

Mr. Deputy Speaker, we're going to defeat the government on this Budget. It won't be this year but certainly, with the next election, this Budget will be - because they've done something that, when people pay their income taxes, it's going to be laid out in front of them. They'll see it. They didn't hide this one. This is what they're going to see when they start paying their taxes, first in '87 - not so much - but in '88. So unless they're going to go to the province before 1988, they're due for a heck of a shock at the next election.

Mr. Deputy Speaker, this Budget that is gouging the middle-income earners was done in the name of getting the wealthy. The wealthy are highly mobile and so is their money. Unlike the middle-income earner, the really wealthy have the luxury of saying goodbye to Manitoba. What of our young people, Mr. Deputy Speaker? What about the people in the 25 to 30 age group, just getting established, don't have a family yet? What possible incentive does this give them? None. We'll lose the best of them; we'll lose the best of our young people, because they're at an age where they'll take a chance and they'll move out. A lot of people are talking and I heard it this weekend, where they're going to be encouraging their children to get out of Manitoba. I have never heard that before, never. It's disgraceful.

Mr. Deputy Speaker, the middle-income earners come from all walks of life and are people in all occupations. They're the plumbers, they're the accountants, the carpenters, the civil servants, the salespeople, the electricians, office workers, nurses, social workers and professionals, all middle-income earners. Not only will the net income tax and the surcharge hit these people, but the doubling of the payroll tax could cost them higher earnings and, in some cases, a loss of jobs.

It is unbelievable that this government could be so shortsighted. How much of these same tax dollars on employment will this government have to use to sweeten the pot for companies who decide to move here, or to try to lure companies to come to Manitoba? How much of that money will they have to spend? It's ludicrous, Mr. Deputy Speaker, that they would get themselves into a position of doubling the payroll tax, the tax on employment and then at the same time, when companies try to leave, offer them money, tax incentives, anything so that they will stay. It's a ludicrous situation.

Mr. Deputy Speaker, I want to say something about the people who donate to the service clubs. If any of you watched or donated to the Variety Club Telethon yesterday, you'll see that Manitobans donated, at the last count, \$850,069.00. That's an enormous amount to come out of a province like this, and this comes mainly from middle-income earners and from people who have less than middle income, because the poor donate to this type of thing too. Not this group, but watch the next time, in the next two years, and see what happens to this type of donation. It's not going to happen, not in the same amounts, because they are taking away their extra earnings, and this government is using it to squander it.

Mr. Deputy Speaker, it is time for the grassroots of Manitoba to rise again and show this government they've given all they're going to give. This is not petty theft we're looking at, it's grand larceny, and the Minister of Finance and his Cabinet should be tried in a court of law for defrauding the people of Manitoba, not only of their money, but of their future.

MR. DEPUTY SPEAKER: The Honourable Minister of Natural Resources.

HON. L. HARAPIAK: Thank you, Mr. Deputy Speaker.

I'm pleased to rise and join in the debate on this Budget. I'm pleased to speak in support of this Budget, as I did in support of the Throne Speech.

This Budget, despite the comments made from some members opposite, will be regarded by most observers as being responsible and sensitive. This Budget recognizes the concerns that people have expressed about the level of the deficit in the Province of Manitoba, but it also recognizes the comments that have been made by people that they want the programs that have been put in place in Manitoba to be continued.

(Madam Speaker in the Chair.)

This Budget, it should be noted, provides for a 15 percent reduction in the operating deficit of the province. This, Madam Speaker, had that happened at the federal level, would have been lauded as a tremendous initiative. A slight reduction in the federal budget of last year was applauded, as it well should be, but it was not nearly of the magnitude of the reduction that has been proposed in this Budget. Yet there is some indication that members opposite are not satisfied with the efforts that we have made to deal with the Budget and the deficit.

This Budget arises out of a process of consultation undertaken by the Minister of Finance and other Ministers wherein people conveyed to us their concern for agriculture and the rural community. It conveyed to us, and we've tried to build into the Budget, our support for a solid health-care delivery system. It recognizes our support for education and our support for social services. True, there have been reductions in the budgets of some departments, but the departments that I have outlined have been supported by very significant increases because those were the concerns that were viewed to be pre-eminent by this government and those were the concerns that were communicated to us by the people of Manitoba.

This Budget demonstrates a clear commitment to a set of values that are fundamental to this government, and there is, I hear from time to time, some discomfort on the side opposite when there is reference to a set of values. I think, clearly, everything that we do should be guided by a set of values and I am comfortable that the values that we portray in this Budget are the values that the majority of Manitobans would subscribe to.

The values that I want to reference are a concern for the quality of life for all, a commitment to progressive taxation and cooperation between the private and the public sector. I do not want to suggest that the members on this side have exclusive concern about the quality of life. Members opposite have spoken to that same issue, but it is clear that in terms of working from a

philosophical commitment to the quality of life, that is evident in this particular Budget.

Madam Speaker, I'm proud to be associated with this particular side of the House and the political movement that it represents. It is a political movement with a clear sense of a mission and a set of values that have been exemplified by the people who were pioneers in the political wilderness. I reference the efforts, Madam Speaker, of political pioneers and visionaries, such as J.S. Woodsworth, Caldwell, Tommy Douglas, Stanley Knowles and, indeed, Ed Schreyer, with whom some members in this House would have sat, people who had a clear vision of what this province could be, indeed, others who worked at the federal level who had a clear vision of what we might experience at the federal level; that we did not have to subscribe to the status quo; that we could in fact demonstrate courage and vision and be prepared to challenge the status quo.

Many would now recognize that the vision that was projected from time to time, and was seen to be reactionary, was not reactionary in a negative sense, but perhaps reactionary in the sense that it was prepared to challenge that status quo; and indeed, some of the programs that were introduced by those visionaries are now subscribed to by the members opposite.

There is, I think, Madam Speaker, a clear distinction when we view the programs put forward by this particular government and other governments that have ruled in Canada provincially and when you look at the Federal Governments. We view government as an instrument of change, Madam Speaker, that it can be a vehicle through which we will achieve the goals to which I had referred. Government must be more than a regulatory body. It must be, as I said, an instrument of change.

There are decisions that have to be made which cannot be left to the workings of the marketplace, though we recognize clearly that there is a role for the marketplace to play. There must be, as I said earlier, Madam Speaker, cooperation between the private and the public sector, and that goal is achievable, as has been demonstrated here in Manitoba. There are those who would suggest that it is a dream, an elusive dream, but there is evidence by observers who claim to be more objective than I, in these particular circumstances, that indicates clearly that we have achieved that goal here in Manitoba, despite the commentary from members opposite, which would suggest that we in some way want to make it difficult for business, that we want to drive business away from Manitoba.

All we need do is look at the record of this province with respect to levels of employment. We have in Manitoba, Madam Speaker, the lowest level of unemployment in Canada; and when we look at the growth rates and the rates of investment, we have done extremely well.

These are not internal party documents to which I refer. I refer to the editorial page of the Globe and Mail of Thursday, March 19, clearly indicating that people, observing us from another location, Madam Speaker, see Manitoba as a place where indeed the private sector and the public sector are working well, working cooperatively, recognizing that there is a role for each.

When I was referring to the matter of values, Madam Speaker, I wanted to refer briefly to comments that

had been made by two members of this Legislature in their presentations.

I was particularly impressed by the Member for Kildonan who, in speaking to this House, spoke of the mosaic of our society. He spoke, Madam Speaker, of an open society, one which provides for mobility, and one which seeks to eliminate discrimination regardless of the basis on which someone would choose to discriminate.

That, Madam Speaker, is a position that we, from this side of the House, are very comfortable in supporting, that we are indeed a mosaic and that we are not cast from the same mould. There is, Madam Speaker, in our belief, a richness in this diversity and we should not seek to discourage this diversity and we should not seek to close the doors.

In fact, I want to say, Madam Speaker, for the record, I am pleased that there has been in Canada that kind of an openness because, indeed, were it not for the opportunity for people to emigrate from other countries, I would not be here. My grandparents emigrated from the Soviet Union at the turn of the century in pursuit of a better life and, indeed, in pursuit of freedom, as members opposite say.

And I want to point out to members opposite, including the Member for Lakeside, the Member for Sturgeon Creek and others, who would say from time to time that it is because the people left, perhaps, to escape a tyranny from the left. Those members should review what has happened in terms of history. My grandparents did indeed leave that particular country not to escape the tyranny of the left but the tyranny of the right, Madam Speaker.

I want to point out, Madam Speaker, that - (Interjection)- that's correct. The Member for Roblin points out full well what happened. He speaks to a free enterprise system that was in place in that country at the turn of the century which worked so well, Madam Speaker, that my grandfather could not see any future. There was no opportunity. The land was held by a very few and there was no opportunity for his family and he chose to come to this country.

So I say to those members that it was an example of a free enterprise system that did not work well. And when I say that, Madam Speaker, I want to indicate that by that, I am not being critical of free enterprise as we know it here in Canada; but when we look at why people leave other countries to come to Canada, there are tyrannies of the right and then those were replaced by tyrannies of the left, and I would not feel compelled in any way to support either. We have here in Canada a system of government which indicates that there is clearly an opportunity for the private sector to function effectively in cooperation with the public sector.

But I want to say, Madam Speaker, that I am particularly disappointed that the Member for Roblin, who should know full well, given the make-up of his constituency, that many people who did come to that part of Manitoba, which is not unlike the area that I represent, those people left at about the turn of the century from Soviet Russia, which was not at that time under the tyranny of the left but indeed under the tyranny of a free enterprise system which was destroying itself.

I want to reference as well, Madam Speaker, the comments that were made . . .

MADAM SPEAKER: Does the Honourable Member for La Verendrye have a point of order?

MR. H. PANKRATZ: Yes, Madam Speaker, I'm sure it is a point of order, because the member that is just speaking to us in the House right at the present does not have his facts clear at all in regard to the ownership of Russia. As a point of order, I would like to clarify that.

In 1876 an act was passed whereby private enterprise could not own land in Russia and that was exactly what he is referring to.

MADAM SPEAKER: Order please, order please.

A dispute over the facts is not a point of order. The honourable member will have an opportunity to express his opinion.

The Honourable Member for Swan River.

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

Madam Speaker, I wanted, as well, to refer to the comments made by the Member for Burrows in his presentation wherein he spoke of the desirability, the goal that we aspire to in terms of the achievement of social justice, and I want to compliment that member because, indeed, there can be no higher goal than that of the achievement of social justice.

I want to move on, Madam Speaker, to some more general comments with respect to government and indicate that governments are not static entities. As society changes, and indeed, our society is changing from that of a pioneering society that my grandparents would have known in Canada. It has made the transition to an industrial society and then again to a society driven by information and technology. As society changes and the institutions of society change, so must government change and, indeed, government is one of the institutions of our society.

It is true as well, Madam Speaker, that most people are slightly uncomfortable with change, and all things being equal, they would tend to retain the status quo except if the price associated with that becomes somewhat disconcerting.

I think we, as political leaders, have to reflect some of the changes of society, but, as well, we have to have a vision. Indeed, leadership implies that we would give some direction to society. We cannot ignore history but we can learn from the lessons of history, and I believe that we have done so very effectively.

We must not, Madam Speaker, govern for the past as some members opposite would appear to have us do, but we must govern for the present and for the future.

A MEMBER: As former chairman of Autopac, I think you'd want to look into the future.

A MEMBER: Tell us about that . . .

MR. L. HARAPIAK: Madam Speaker, if members opposite would want to get into matters of that sort, let me say only that I look forward to the meeting of the committee tomorrow morning so that we can review those matters.

Madam Speaker, when we talk about the effectiveness of governments, I don't think that we can make those

judgments in isolation. We, in fact, have to make comparisons as I am sure there are comparisons made within this Chamber. Indeed, the people of Manitoba only slightly more than a year ago made a comparison. They compared the offerings of the Conservative Party to the offering of the New Democratic Party, and they made a choice. Clearly, the choice was to have the New Democrats carry on as the stewards of the resources and of the future of Manitoba, but we do not operate in isolation.

Now, Madam Speaker, the Member for Emerson makes reference to the experience in Swan River. I am delighted that he would do so, because I would want the record to show that, in 1977, the people made a comparison and I lost by 1,000 votes. In 1981, Madam Speaker, the people again judged what was available, and I lost by 270 votes. In 1986, Madam Speaker, the people judged again. I won by a margin of 65, and I am delighted that trend is there.

I hope that I can fulfill my role in that very effective manner demonstrated by the Member for Thompson wherein, after the 1981 election with a margin of some 100 votes - I believe 72 votes - he was referred to as landslide. Indeed he did convert that, Madam Speaker, into a landslide of in excess of 1,000 votes. So, Madam Speaker, if the Member for Emerson is, by way of his comment in referencing me as landslide, wishing me the success enjoyed by the Member for Thompson, I thank him profusely.

Madam Speaker, as I indicated in my comments, we have to not operate in isolation. In fact, we are quite comfortable providing to people the opportunity to make those comparisons. The members opposite would suggest, by way of the deficit incurred in previous years and the deficit projected for this year, that we are in some way being irresponsible. Well, let me reference the Scratching River Post of March 16 which headlines - and I think it was shared earlier - that Saskatchewan sets the record for fiscal irresponsibility, having projected a deficit of some \$400 million, in fact, now coming through with a deficit of \$1.2 billion. It is a comparison that we are quite prepared to make, Madam Speaker.

Let us move then to the Province of Alberta, wherein we have the model of Tory administration - crumbling slowly, we might add, by way of the election results of the past years - the Tory stronghold. They want to say that there are the people who we should follow by example. The Tory administration of Alberta, Madam Speaker, last year had the distinction of a \$3 billion deficit, which was the highest of any province in Canada. So again, we are quite prepared to make that comparison.

Madam Speaker, let me go forward to some of the specifics within this Budget. I, Madam Speaker, am very proud of my association with the industry of agriculture and my association with the rural community. I want to have it clearly understood that I was very disappointed to hear the Member for Pembina say in this Chamber that there are businessmen and then there are farmers. The Member for Pembina, who would propose to speak for the farmers, somehow projects by way of that statement that the farmers do not have a sense for business.

Well, let me say through you, Madam Speaker, to all people in this House and to everyone in Manitoba that

I think the farmers of this province have demonstrated tremendous commitment and have, in fact, demonstrated efficiency that exceeds the efficiency demonstrated by any sector within the Province of Manitoba. So I think it is somewhat regrettable that there are members opposite who claim, on the one hand, to have a wide base of support in rural Manitoba, then project the image that the farmers of this province would not have a sense for business. I say, that is clearly not the case. I believe that the farmers of this province are amongst the most astute of businessmen. That industry, Madam Speaker, is a key to the future of Manitoba. It is key not only to the rural communities, but indeed is key to the future of the City of Winnipeg.

The Budget that came down - I want to compliment the Minister of Agriculture for his part in this - demonstrates a clear commitment to agriculture with an expenditure of \$85 million, which is a 20 percent increase, Madam Speaker, over the previous year and twice the Budget that was brought down in 1981 by the last Conservative administration.

It should be noted for comparison purposes, Madam Speaker, that we have a statement of a new Budget introduced in Alberta only last Friday. Let me tell you, Madam Speaker, and all members of this House that, again from the Toronto paper if we quote, it says: "Agriculture financing falling by 40 percent in the Province of Alberta." I think, Madam Speaker, that is regrettable and shameful, given the criticism that has been levelled by members opposite that we have not done enough for agriculture. They would suggest that the people of Manitoba should subscribe to the Conservative philosophy. Those who did in Alberta, Madam Speaker, were rewarded with a 40 percent reduction in the Budget for the Department of Agriculture.

Now I say, Madam Speaker, again let the people of Manitoba judge this government against any other government in Canada as to whether there is a commitment to agriculture -(Interjection)- The Member for Roblin is obviously feeling somewhat reckless. Anybody who would suggest that we would go now when the polls indicate clearly that they are 13 percentage points behind can only be anticipating, Madam Speaker, that margin will deteriorate further for him, and he wants to go now while he at least has only a 13 percent margin.

Madam Speaker, I want to go further to indicate, in terms of the commitment to agriculture that we had by way of the Special Farm School Tax Assistance Program wherein \$500 will be available to offset the education taxes on each family operation, is a move that has been lauded in many quarters. In fact, it is a move that I do not hear being criticized by the members opposite. This move, Madam Speaker, when it is combined with the measures which are already within the Budget, will exempt completely two-thirds of the farmers from their property taxes.

Madam Speaker, the Member for -(Interjection)- The members opposite indicate, how many farmers are there. I do not have the exact figure, but there are slightly in excess of 30,000 farmers in Manitoba, Madam Speaker, and two-thirds of those are exempted. If indeed the Member for Arthur is suggesting that number is inaccurate, I would invite him at another point to indicate that is not so or perhaps indicate that he is

not in support of this particular measure. I, for one, Madam Speaker, and members on this side and I think indeed all members of this House, will support that particular measure.

It should be noted as well, Madam Speaker, that there is provision within the 55-Plus Program that an additional 4,600 farmers will have an additional \$175 available by the exemption. That, Madam Speaker, when you total the tax benefits, could be \$1,000 per farm family unit. The Member for Roblin again indicates that is not sufficient. I cannot suggest, and we never have, Madam Speaker, that what we can do by way of the provincial Budget will be sufficient to address the ills of agriculture.

We must note, and I think it has been stated several times in this Chamber, Madam Speaker, that the ills of agriculture are brought by a reduction in the price of our commodities. Surely, the Member for Roblin and other members from that side are not suggesting that it is the responsibility of the Provincial Government to put in place measures that have not been brought into being by the Federal Government.

Indeed I would ask the Member for Roblin, what has he done to encourage the Federal Government to accelerate the payment of those funds which were promised, the \$1 billion payment to Western Canadian farmers that was promised at a particular point, Madam Speaker, during the Saskatchewan election? I think many people will remember the timing of it, making the grand announcement at an opportune time in the Saskatchewan election that there will be \$1 billion available to the farmers of Western Canada.

Well indeed, Madam Speaker, that changed, because that is no longer available to the farmers of Western Canada, but to the farmers of Canada as a whole, and what have we seen flow to the farmers at this stage? Approximately one-third of those funds have come to the farmers; the remaining two-thirds, we're saying, will be available at some point in the future. And clearly, what I would ask the members opposite to do is to exercise the influence that they have with their compatriots in Ottawa to accelerate that payment. We want it; it should be here in the hands of the farmer to alleviate the pressure that they will feel during the spring planting season which is very nearly upon us.

Again, Madam Speaker, it is not only the assistance that comes by way of the School Tax Assistance Program that I have referenced, but through the Manitoba Agricultural Credit Corporation. The Minister has indicated that there will be a program available for farmers to buy-down the old mortgages which were at a higher rate. We will be providing as well, Madam Speaker, the opportunity for farmers to lease back property, wherein farmers experience some difficulty, but by way of a lease-back arrangement, they can continue to operate. Those arrangements will be put in place.

There is an expansion, Madam Speaker, of the Guaranteed Operating Loan Program, a program that was introduced in previous years, which indicated clearly that we wanted to work cooperatively with the private sector lenders. There was a risk involved in the agricultural industry, which the private sector lenders said they should not be required to shoulder on their own. This government, by way of the Guaranteed Operating Loan Program, said we will share that

responsibility with you; and by way of a sharing of that responsibility and a sharing of that risk, there were many who were able to acquire operating funds, who, in the absence of the guarantee program, would not have had those funds.

To touch on other areas, Madam Speaker, I want to indicate my pleasure with what is happening in Manitoba in health care. We have always prided ourselves in Manitoba with having a very good health care system. It was something that we had a lot of pride in; it was well received by people throughout the province, and indeed, through the process of consultation, people indicated that they wanted to have the support for that continue. Thirty-one percent of the increase in this Budget, Madam Speaker, goes toward health care. It is an increase of \$118 million.

I am particularly pleased, Madam Speaker, that there is a \$10 million increase or an increase of some 40 percent in the Home Care Assistance Program. I think it is an exceptional program in that, Madam Speaker, it does not require people to become institutionalized to any point beyond what is necessary. Knowing many people in the area that I come from, this program, along with others wherein we provide for care for the elderly, is extremely well received and I think that there will be tremendous support for the 40 percent increase in the Home Care Assistance Program.

When we speak of health care, Madam Speaker, we are speaking of all Manitobans, but it is of particular concern to our seniors, and I think we have to be sensitive to the needs of our seniors; our seniors who are proud people; people who have contributed to society; indeed, people who have contributed in a way which allows us to enjoy much of what we do today. So I think, given that contribution, it is appropriate that we make a contribution to their health care system at this time.

As I said, we recognize that there are increasing costs with institutional care and that is taxing the system, it is straining the system, care costs growing at a faster rate than inflation, but I think that it is very important that we recognize the role within that framework for non-institutional care. Again, I reference the home care program. I can think of many people in the area that I represent, whether it is people from the Pine River area, or further to the West from the Benito area, who indicate that they want to stay in their homes as long as it is possible; and with a minimal amount of care, they can continue to enjoy their particular home setting.

I want as well to reference the institutional care that has been providing alternatives, Madam Speaker, to the hospitals or to the home care program and we have the personal care home programs and the elderly persons' housing. In my own constituency, Madam Speaker, in Pine River there was an elderly persons' housing unit unveiled, and in Birch River the tenders have been called, Madam Speaker, for the establishment of 12 units of elderly persons' housing. We have, Madam Speaker, plans under way, in fact nearing the stage where construction will take place for units of personal care homes to be provided for Benito, along with five hospital care beds.

I want to as well reference the area of education, Madam Speaker, in that I had indicated we have a concern for the care for the elderly and we want to show our appreciation for their contribution. By way

of the education system, we are expressing our confidence in the youth of this province and indicating that we are, in fact, preparing them to carry on the work that many of us are involved in today.

I am pleased, Madam Speaker, that there was in the Budget a 6 percent increase in the funding for schools, colleges and universities, and this indicated specifically that 26.5 million of that increase will be for elementary and secondary education. And earlier in this Chamber today, during question period, we heard reference to the fund which was set up for the capital programs for the universities, and in addition, we have \$175 million in terms of grants to universities. So clearly a commitment on the part of this government to an education system which will see that young people in particular, but indeed people of all ages who want the opportunity to expand their horizons in a particular way, prepare themselves for future responsibilities, have that opportunity, Madam Speaker.

It is important to note, Madam Speaker, when making those comparisons that in the Province of Alberta, wherein we have indicated an increase of 6 percent for education and a significant increase for health care funding, in Alberta there will be in fact reductions for the grants to the health care system, to education and to the municipalities.

Madam Speaker, I want to indicate briefly that the department budget for the Department of Natural Resources will be relatively unchanged. This Budget, I'm sure, will allow us to carry forward the mission that we have set for ourselves in terms of stewardship. We want to see that the resources in our charge are cared for in a responsible manner and indeed will be available to future generations. We have a commitment in terms of stewardship, Madam Speaker, to those who have a subsistence interest in our resources. There is a commitment to those who have a recreational interest in our resources, as well, Madam Speaker, a commitment to those who would want to develop economic opportunities on the resource base that we have.

Forestry is an important part of that future, Madam Speaker. The markets are strong at this time, and our budgets will indicate a clear commitment to reforestation and provision for the future concerns of the resource.

There is, Madam Speaker, one concern that we have, and that is the 15 percent export tax on softwood lumber levied by the Federal Government. We are working, Madam Speaker, with the Canadian Council of Forest Ministers to implement some replacement measures wherein we have been given direction from the Federal Minister responsible for Trade that, by the middle of this year, she would expect that we would implement charges from the individual provinces which would see a replacement of the 15 percent tax. I look forward to working, Madam Speaker, in the areas of Fisheries and Wildlife, as well as Tourism and Parks.

With that, Madam Speaker, I would like to conclude and indicate that I have absolute confidence that, when we compare this Budget to the budgets of other provinces, the people of Manitoba will be served well.

MADAM SPEAKER: The Honourable Member for Springfield.

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

I don't know if it's a pleasure or not to get up to speak on this disgraceful Budget; it's a chicken and pizza budget. But it's certainly a pleasure to get up and speak on the amendment by my leader, which is a more accurate reflection of what this Budget really is.

As the member prior to the previous speaker said - I'd like to quote it again, because it gives me a great deal of pleasure. It reads:

THAT the motion be amended by deleting all words after "House" and substituting therefor the following: Regrets that in presenting its Budget, the Government has:

- (1) Imposed the largest tax increase on the people of Manitoba in our province's history; - they can't deny that - and
- (2) Introduced new taxes and cost increases which will destroy our ability to attract investment and job creation; - that's going to prove itself too - and
- (3) By refusing to introduce any efficiency or improved management has again increased expenditures at double the expected rate of inflation this year; and
- (4) Committed Manitobans to ever-increasing tax burdens in future as a result of its incompetence and fiscal mismanagement.

These, Madam Speaker, fairly well sum up what is happening with this Manitoba Manifesto, the so-called Manitoba Budget Address of 1987. Madam Speaker, imposing these large tax increases does nothing to encourage young people to remain here, does nothing to encourage business to move here. By refusing to cut any spending in government on the government side, as recommended by their own consultant, but simply raising revenues, they are not showing an example. They are not showing leadership.

As I was saying earlier, Madam Speaker, this is a chicken and pizza budget. This NDP Government is once again taxing average Manitobans, asking them - no, I would say, forcing them - to pay for their mismanagement and foolish spending.

Why is it that they don't really . . .

MADAM SPEAKER: I would remind the Honourable Minister of Finance of our Rule 44(2) that says: "No member shall read any newspaper in the House."

The Honourable Member for Springfield.

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

I don't know if he was reading the Free Press or the Sun but, if he was reading either, I'm sure the Member for Transcona would not approve.

(Mr. Deputy Speaker in the Chair.)

But in any case, as I was saying, why is it that they don't really tax the rich, despite the rhetoric they use to pacify their left wing, both within and outside their caucus? The answer is simple, Mr. Deputy Speaker. The rich don't pay; they just move. The NDP knows that and, therefore, taxes the poor and the middle class, average Manitobans, to pay for their follies, to pay for their failed socialist experiments. You know, every day that goes by, we get new revelations.

In the newspaper that the Member for Transcona hates with such a passion, it said in that paper - it wasn't an editorial. It was a reporting from an independent chartered tax accountant. It says: "Finance Minister Eugene Kostyra's Budget will impose a 21 percent tax increase on a single mother earning \$27,600 a year, but a childless couple with income of \$225,000 a year will be hit with added provincial taxes of only 10 percent." The wealthy couple will pay added provincial taxes of only \$1,690 in the 1988 tax year. The single mother with one-eighth of their total incomes faces a \$350 tax increase." Is that fairness, I ask you? Is that the way they're going to hit the wealthy? I think not.

The article goes on to state further: "It really is the middle-income group that is going to get nailed. Average family income in Canada was about \$38,075 in 1985, according to Statistics Canada. Because of the Budget, a Manitoba family earning \$36,000 will be hit with a 24 percent increase in provincial income tax by 1988. The \$72,000 family faces a tax increase of only 12 percent, and the two wealthiest couples face 10 percent increases."

Mr. Deputy Speaker, the calculations appear to contradict claims made in the Budget Speech and in documents tabled in the Legislature. It states further in that same article: "The Budget will increase taxes for single taxpayers whose net income exceeds \$13,000 and for families of four with net income over \$27,000.00. The general effect is that everyone earning less than \$21,000 yearly will see reductions in their take-home pay."

The article concludes, and this is very significant: "The calculations do not show how individuals and families will be affected by higher sales taxes, cigarette taxes, liquor taxes and a new tax on land sales, which were also announced in the Budget Speech. For most Manitobans, the Budget means hefty tax increases." This same accountant said that he was disappointed the government did not cut its spending, instead of using higher taxes to cut its deficit.

Mr. Deputy Speaker, we have heard time and time again how this Budget was supposed to bring fairness, how it was supposed to hit the wealthy, how the lower and middle classes were supposed to benefit. This hasn't been happening. In the last two days, we see all kinds of articles from different points on the political spectrum telling us how unfair this Budget is. In today's Free Press, it says it will be at least a year before the full impact of its new Budget sinks in, and people start voting with their feet. That is what is happening, Mr. Deputy Speaker, people will be voting with their feet.

I referred a while ago to this document as the Manitoba Manifesto. Well, the same columnist goes on to say: "The Budget was the best example of socialist thinking and policies since the Regina Manifesto was adopted by the old CCF in 1933. It also proved that while the Pawley Government has finally got its socialist rhetoric right, it cannot shoot straight. The Budget took aim at the wealthy and hit, according to the Vice-Chairman of the Manitoba Institute of Chartered Accountants Taxation Committee, single people earning more than \$12,000 a year and families earning more than \$25,000.00.

"It is not surprising that the Minister of Finance often seems to be genuinely embarrassed whenever he

attempts to answer questions about his map of the road to the new Jerusalem. Even the Minister of Finance cannot possibly believe that the gross salary of \$1,000 a month makes an individual a target for tax on wealth." It goes on at length but I'll just quote a couple of more parts here: "It is clear that the shot aimed at the wealthy in Manitoba hit the lower and middle-class pockets. It is not surprising that it did. The fault in the make-the-rich-pay theory is that there are not enough rich to cover the rich taste of government spending. This taste has to be covered by hitting people who are not considered wealthy by anyone except Eugene Kostyra. That is where he will get most of the money he will spend next year. He will get some extra money from business but only through a tax, so retrogressive that it would have been rejected by Karl Marx. The Kostyra Budget increases tax on jobs by 50 percent. The imposition of this tax in the first place cost jobs in Manitoba. The increase will cost more."

There's too much in here which is true, too much of it to read, but there are a couple of more parts which I want to get on the record. "This is bad enough for small business, for all businesses already located in Manitoba. It is not something likely to be advertised loudly in the Department of Economic Development, when asked about business opportunities in Manitoba.

"Manitoba is a decidedly less attractive place to live because of the Kostyra Budget. There is no redeeming social value to be found despite the Minister's emphasis on social services. The biggest long-term social value would have resulted from a serious attempt to cut the provincial deficit, an attempt that was not made."

Some of the members may say, well, I don't really agree with this. But I would much rather believe impartial third parties than I would believe members of this government, who are trying to defend their Budget. One of them is a chartered accountant and one of them is a columnist, which some may say have a bias but the Budget's message, no reward for initiative in Manitoba, was a headline of a different article, one of their kissing cousins, a Liberal. And he says the same, and we know they're kissing cousins, witness Ontario, it's tweedledee and tweedledum, some would say tweedledum and tweedledummer. But anyhow this kissing cousin of theirs says: "Eugene Kostyra's jarring Budget represents a fundamental shift in tax burdens and political philosophy. The Finance Minister has told Manitobans, with money doing the talking, that initiative and reward are now subservient to the distribution of wealth. By imposing a 2 percent flat tax on net income beyond \$30,000, Kostyra has blunted ambition and drive. It is not as if \$30,000 a year is a king's ransom in the real world of 1987. For a family of four, it provides barely enough to pay the mortgage, the utility bills and the groceries.

"The New Democratic Government has raided the bank balances of the middle class. They should not fool themselves that \$30,000 is not the upper class. It is not the upper middle class either; it is the ordinary class." Ordinary, how they love to use that term; although the organizers have told them now use average. But it all means the same thing.

This same Liberal goes on to say: "This assault on ordinary paycheques would be more palatable if it were accompanied by at least a nod to in-House belt tightening. Are we to assume that the Finance

Department has no comment to make on waste in government or the productivity of civil servants or the importance of streamlining the bureaucracy?

"Even a symbolic gesture would have been gratefully noted by an electorate suspicious of efficiencies in the public sector - none was forthcoming. The business community, in general, small business in particular, have expressed annoyance with the payroll tax since its inception. They see it as a tax on employment, an obstacle to grow in expansion. The private sector speaking with one voice, has seized this issue as a symbol of an attitude which expresses a bias against the role of entrepreneurship in a mixed economy.

"Kostyra went out of his way to ignore them, increasing the payroll levy by 50 percent. It is not only business that pays this tax; the non-profit sector including universities, the United Way and the Manitoba Theatre Centre pay too. As a matter of fact, if one calculates the effect of the increase in the payroll tax, the 1 percent rise in the sales tax and the higher utility rates, the result is a serious erosion of the operating budgets in the non-profit sector.

"This is a watershed Budget, leaving Manitobans with the second-highest tax in Canada." And I might add, they're racing for first place quite fast. But anyway I got off track here. Back to this article I'm quoting. "It makes us less desirable to a mobile and sensitive capital market. It makes us less attractive to corporations seeking to entice senior and middle managers to this province. It sends a strong signal to all who care to listen, that Manitoba's government does not reward initiative. The socialist roots of the NDP have been unheard of by Eugene Kostyra, himself a product of the union movement in Manitoba." That, Mr. Deputy Speaker, was said not by a member of our party but by a member of our party who has been allied with their party on more than one occasion before.

Mr. Deputy Speaker, as I said before, this is a chicken-and-pizza Budget. Let me give you an example of how this NDP Government is going to be hurting working people, even more than they are hurting them now. I'd like to point out to the operation of which I'm a partner as an example. We do a lot of business on take-out foods, an item which up until now was not taxable, not by the retrogressive sales tax in any case.

Now, starting in, I forget the exact date, but in May sometime they'll be taxed at 7 percent. How many rich, wealthy people actually gather around a bucket of chicken or pizza to discuss how they'll avoid paying tax to SRTC's and whatever loopholes are available? How many actually? I believe the Conservatives closed SRTC's loopholes, but in any case there are probably a few more out there. How many actually do, Mr. Deputy Speaker? This sales tax is going to hurt the people that this government claims to be trying to help.

Even cigarettes, working people don't smoke; I don't smoke myself. But what's going to happen? It says here: "The province's tax taken from tobacco is expected to be \$4.5 million less next fiscal year, starting April 1. Despite the increased taxes, the province's tobacco tax revenue will be only \$93 million next year compared to \$97.5 million collected last year."

More and more Manitobans are kicking the habit, resulting in a decrease of tobacco revenues. That's commendable, Mr. Deputy Speaker, that more and more are kicking the habit. But it's not because of higher

taxes; people quit for health reasons. So despite the fact that more taxes are being put on, well, some would say, some of the few pleasures that working people will have left, because they won't be able to go out after they have no money left for disposable income. They're being taxed on one of the few items they have left. But despite that, the government is going to be getting less revenue.

What about hotel rooms? I'm not talking about the fancy convention hotels. The small ones, the low-priced ones. Who stays in there? Working people out on the road, working families out on vacation - they'll have to pay an added sales tax on those rooms now, 1 percent more.- (Interjection)- That's right, I'm pointing out. I'm using my business, as the Member for Ellice says, as an example because I live and work in an area which is basically all young average Manitobans, young working people, who make use of all our services, whether it's take-out foods, whether it's hotel rooms, whether it's the beverage room, whether it's the dining room.

These are the people which are going to be faced with the increased taxes that this government's imposing on them, many taxes which they did not have to pay before. But does this government care? No, they don't. They don't care at all, Mr. Deputy Speaker. All they care about is to get more and more money, to extract more money out of their pockets. That's all they care about, Mr. Deputy Speaker. Whether it's on drinks, whether it's on cigarettes, even on food, they'll tax them.

Today, because of economic necessity in many cases, both the husband and wife have to work. Therefore, many, when they come home, will order from different restaurants, from different outlets which offer take-out foods. But no, this Minister puts a tax on chicken and pizza. It's going to hurt the working families; that's who it's going to hurt.

What about hydro rates? Is it the rich and wealthy who are going to suffer from the doubling of hydro rates? Of course not. It says here, "A rate increase slated to hit hydro customers next month will be double the increase originally announced by the province." It was called a one-time increase. One time for how long? One time forever, that's what.

When questioned in this House, the Minister did not respond and say that it'll be taken off at the end of next year. No, it's not a one-time increase. It's an increase that's going to be there forever. If anything is going to happen again, it'll be more increases. Whether through the utility or whether through the Department of Finance, the fact remains, the bottom line is we - the hydro users, we - the taxpayers of Manitoba, are the ones who will be forced to pay for this government's mismanagement.

But what is this government's largest expenditure? We all know what it is. It's interest; that's what it is. On page 21 of the Budget Address, it says ". . . public debt costs . . . new borrowing and refinancing lead us to budget for \$438.2 million in public debt payments this year, including close to \$50 million resulting from foreign currency appreciation during the last year."

In an article about interest charges, it says, "The cash-trap province will have to spend \$438.2 million this year just to pay the interest on its \$9 billion direct and indirect public debts. By the end of 1987,

Manitoba's total debt would average \$9,000 for every man, woman and child in the province.

"Despite Kostyra's proposal to increase taxes by \$70 million in 1986-87, and \$277 million in the Budget for 1987-1988, the province's total debt will jump by \$1 billion to \$9 billion by year-end. The province will spend \$4.188 billion in 1987-88, an estimated \$415 million more than the \$3.773 billion it is expecting to net in revenues.

"This is the sixth consecutive year Manitoba's annual deficit is expected to exceed \$400 million. The Minister of Finance says he does not expect the province's credit rating to dip this year."

Mr. Deputy Speaker, we've heard that every year for the last few years. And what's happening? Whether it be Standard and Poor's, whether it be Moody's, first we're put under review. Once there has been a review, the credit rating dips. It's bound to continue happening. Out of what - approximately \$316 million in new revenues - how much of it is actually going for deficit reduction? Approximately \$60 million. Where is the rest going? It's being spent, that's what, and most of it foolishly.

Mr. Deputy Speaker, they like to accuse us of being the friends of the banks. The facts speak for themselves. They are the friends of the banks and the international financiers. Who goes to New York, to Zurich, to Tokyo and wherever else, cap in hand, crawling on their bellies, begging for more money, always more money, no matter what the cost to the people of Manitoba?

Yes, Mr. Deputy Speaker, that party, which now, through its campaign of deceit, became the Government of Manitoba once again, they are the friends of the bankers, make no mistake about that. The international financiers get richer and richer while the citizens and taxpayers of Manitoba get poorer and poorer. That's how the NDP distributes wealth - a net transfer of hard-earned money out of Manitoba to enable the rich to get richer while we, the ordinary average Manitobans, make crippling interest payments on an ever-increasing NDP Government debt. Yes, I'm one of those average Manitobans. Most of us on this side are.

HON. H. HARAPIAK: Well, you're rich.

MR. G. ROCH: I wish I was, Harry, but I'm not a Cabinet Minister.

Talking about Cabinet Ministers, one question I'd like to have answered in the next few days before we vote on this Budget, the so-called 2 percent on net income - does that include politicians? Does that come before the one-third which is tax free? Or did the Ministers take care of themselves and all other politicians to make sure it happens after that one-third is taken off? We're willing to pay our fair share. Are the members opposite? Highly unlikely. We've seen them take advantage of tax loopholes they've talked against. It's highly unlikely they are about to do something like that.

Mr. Deputy Speaker, the payroll tax - oh, maybe I shouldn't call it that. At one time in committee, the Minister of Labour says, "There is no payroll tax in Manitoba. We have a health and education levy." Baloney, it's a payroll tax, a tax on jobs - we all know that - and it affects virtually all small businesses, all small business operators with three or more employees.

The NDP suggestion that only large business pays payroll tax is so blatantly false and untrue that it is laughable.

I had one small business operator say at the end of his tax year, he says, "I have a bill to pay." He said, "I never had to pay it during the year, but now, because my payroll exceeded the limit, I've got to turn in X amount of dollars." I said, "Well, you can do one of two things. Next year, you can reduce your work force or you can pay it again." He's not sure what he's going to do because he is one of those small business operators who is having trouble making ends meet. So he's doing one of two things with this Budget. He's either going to create unemployment or raise costs to consumers, or both.

You know I've referred to this Budget so far as a "Chicken and Pizza Budget." It can also be called a "Two-plus-Two Budget." To be more precise, anyone who can count - I don't know how many across there can actually count - but anyone knows that 2 percent plus 2.25 percent equals 4.5 percent. That is what the total tax will be for some people. For example, whether you're incorporated or not, you could be an unincorporated small business or an incorporated small business, the fact is you'll have to pay 2 percent of your net income, then you'll once again have to pay the 2.25 on your whole payroll.

So, in effect, instead of rewarding you for starting a new business, instead of rewarding you for having initiative to create jobs in Manitoba, this government is penalizing the businessman. It's penalizing the job creator. He is saying for every job you create, you'll be paying an extra 2.25 percent. After that, if you happen to have made some money for yourself, as a matter of fact, even if you're in a loss position, you'll be paying an extra 2 percent.

This does not make sense at all. Employees and consumers both will pay either through loss of jobs or through increased prices because the money has to come from somewhere. Unlike the government, we cannot go to Zurich, to New York or to Tokyo to borrow money. We have to raise the money right here in Manitoba. Every time one Manitoban moves away, it increases the tax load of another Manitoban. This government is chasing people away.

We've often heard a lot from different members on both sides quoting, and I hate to use the Free Press and the Sun because the Member for Transcona doesn't like them, because from time to time they have said things which were not necessarily complimentary to him. The Globe and Mail he likes.

Well, how does rural Manitoba feel? Why don't I quote a rural newspaper instead? They've quoted the Scratching River Post. I'll quote the Carillon, very high circulation in all of Eastern Manitoba. There are a lot of good newspapers out there: the Springfield Leader, the Beausejour Beaver, the Selkirk Journal - oh, that's in the Premier's home constituency, they don't always say nice things.

The Carillon sums it up very well. It's entitled, "Few Helped by Kostyra Budget. Many Manitobans must still be shaking their heads wondering what it was they did to deserve Eugene Kostyra's Monday night Budget which punishes everyone who spends a dollar in a department store, switches on a light, takes out a pizza to eat at home; suddenly he finds the Finance Minister has determined him to be a high-income earner.

"For those brave enough or with a few dollars left over to think of buying tobacco or a bottle of spirits, the province's most unashamed revenue-grab in many a year hits much harder. Years of barely restrained spending has suddenly come to haunt the New Democrats who now solemnly tell us everyone must share in Manitoba's good times and then proceed to add over \$250 million annually in new taxes in a desperate attempt to keep the province's overall debt from spiralling beyond the \$8-billion mark.

"Much was made in Kostyra's Budget Address of how essential services will not be cut, but what was not stated was that no frills would be eliminated. The Finance Minister pared almost nothing from the hundreds of millions spent by more than a dozen departments. The arrogant implication seeming to be that virtually everything is considered essential. While most governments tend to tackle mounting deficits by reducing their spending, the New Democrats are trying to accomplish the same feat by raising taxes alone.

"Few wage earners, for instance, would have thought that at an annual salary of \$27,000, they could view themselves as a high-income group. Eugene Kostyra seems to think so and will now tax many of them accordingly. This Minister, in the same breath, announces he will raise the payroll tax by 50 percent for large businesses only and then defines these industrial giants as anyone with more than three or four employees.

"Even an optimistic view of the Budget tends to turn to cynicism. How is this Budget expected to help the poor, who are already spending much of their income on retail goods, now face even higher taxes on such every day items as clothes, take-out food, tobacco and alcohol? All sales tax increases hit low income families much harder than more well-off people. It is questionable how much income tax reductions for the poor announced in the Budget will offset the regressive new taxes.

"Apart from the negative effects the Budget will have on most consumers, it is also not likely to improve Manitoba's already tarnished business image as a place where employment appears to be welcome only for the taxes it can generate." That pretty well sums up the view of rural Manitoba, Mr. Deputy Speaker.

It's kind of strange that this party in power now, that back in 1969 they were saying that if they were to gain power they would eliminate the sales tax. Today they're raising it. Mr. Deputy Speaker, it's obvious that both rural and urban Manitobans oppose and condemn this disgraceful Budget, especially because they have to pay for the mess that this government is 100 percent responsible for.

You know, Mr. Deputy Speaker, they like to blame others. They like to bash the Federal Government. They like to bash the Alberta Government. They like to bash the Saskatchewan Government. Some like to bash the Free Press. I've heard some bash the Sun as well, much as the member who was speaking here today, but others, too, in the past. I recall one day almost a whole afternoon was spent bashing the media.

The Member for Kildonan has been quoted, as well as the Member for Transcona, as coming down hard on the Free Press. I'll never forget that, he went on ad infinitum. I don't always agree with what the press says either. They've said things about me. They've said things

about my party I don't always agree with. Let's face it, freedom of the press is a cornerstone of democracy. I would much rather have the present system of news reporting than to have a government-controlled, state-controlled, socialist-controlled press, that's for sure.

As it says on top of the editorial page of the Sun, one of the two newspapers so despised by the Member for Transcona, "Leave an unshackled press as a legacy to your children." A quote from Joseph Howe.

A MEMBER: Joseph Stalin?

MR. G. ROCH: No, Joseph Howe.

Mr. Deputy Speaker, they try to bash and blame everyone but themselves for their inability to govern. They even try to blame us, the Opposition. How ridiculous and stupid can you get? They're the ones that like to point out how long they've been in power, 13 out of 17 years. What more proof do you need that they're 100 percent responsible for the cesspool type of government that now exists in Manitoba? They will soon have to accept the fact that they must stop blaming others and realize that they are fooling no one. They are to blame and they must accept and shoulder that responsibility.

(Madam Speaker in the Chair.)

As I said awhile ago, if it wasn't for that campaign of deceit a year ago, they wouldn't be the government today, and it was a campaign of deceit. There were all kinds of facts hidden from the public which are only coming up now, Session after Session - I've only been a member for two. If people had known the facts back then, this government, this party, would have gone down to a resounding defeat. They like to try and take credit for accomplishments which are not theirs. They like to bash the Federal Government with their problems; but, when something good happens, they try to take the credit.

Like when they tried to take the credit for the new senior citizens' complex in Oakbank, what did this government really do? All they did was lend the money. The Federal Conservative Government subsidized the interest so that they are effectively paying a rate of 2 percent. The Provincial NDP Government, the former MLA - what's his name there that used to be from Springfield? - tried to take the credit. But, in fact, the Minister of Health, the Honourable Jake Epp, was there to lay the facts on the line at the official opening, so that people could know who was really responsible for that.

Madam Speaker, they like to take credit for Manitoba's low unemployment rate, but who is really responsible for this? It's mainly because of the Federal Progressive Conservative Government and the private sector which has managed through adverse problems, through the adverse negative reaction of this government, to make an attempt at flourishing.

Madam Speaker, they like to boast about job creation at Limestone. The fact is after construction will be over, we'll be lucky to have about 40 permanent jobs there.

What is the NDP's long-term plan or goal vis-a-vis job creation at Hydro, Madam Speaker? Let me quote from the March '87 issue of the Manitoba Hydro publication entitled "hydro lines." It's under the heading

of "Research and Development at Manitoba Hydro." It says and I quote, "One day a robot may be able to substitute for a human in performing hazardous maintenance work inside hydro-electric generating stations, if a Manitoba Hydro research and development project is successful. A search for a suitable robotic system to conduct work required on turbine blades presently being carried out manually."

Madam Speaker, robots replacing people, robots taking away jobs. In some cases, this can be desirable and even beneficial, as we have seen in some other parts of the industrialized world. But these displaced workers have to be retrained, not just cast aside because of new technologies. But will the NDP do this? Is there any provision for retraining? There is no mention of it. There is no mention of any such retraining in that article, and it's very unlikely to happen.

Judging from their record in office and the Budget that they just brought in, Madam Speaker, I don't think they really give a darn about anything or anyone anymore with the exception of their overpaid party hacks, their apple polishers, as the Member for Concordia quoted some years ago. Their apple polishers and their socialist party hacks, they care about them, not to mention phoney consultants who get paid out of our tax dollars for doing absolutely nothing, simply because their incompetence prevents them from obtaining bona fide employment in the real world.

Madam Speaker, with every day that goes by, the illusion that this Budget is helping the lower and middle class is being exposed for the farce that it really is. The government would like us to believe that there is a lot of meat in their Budget. Well maybe so, but it's mostly bologna.

How much longer will it be before taxpayers have to start picking up losses because of ill-managed Crown corporations, such as the Manitoba Public Insurance Corporation which has lost almost \$60 million; MTX, almost \$30 million; ManFor, almost \$40 million, and so on and so forth. Eventually, all these losses will have to come from taxpayers, whether as consumers or as taxpayers, probably as both, but they'll come from the same pockets nevertheless.

Madam Speaker, how much time do I have left?

MADAM SPEAKER: The honourable member has two minutes remaining.

MR. G. ROCH: Two minutes. Thank you very much, Madam Speaker.

On page one of his Budget Address, the Minister of Finance says: "I believe this Budget will protect and enhance the quality of life enjoyed by Manitobans throughout our province." He says: "I spoke with and listened to many Manitobans, Manitobans from all walks of life and all regions of the province." It was window dressing, Madam Speaker. He pretended to listen. He went around the province, and then dropped down a document which would fit in with the socialist thinking of this government. He never listened. He only listened to those he wanted to, and those he consults with year-round. And that is a fact.

On page 37, it says: "In conclusion, fairness, compassion, building for the future, that is what this Budget is all about." Well, Madam Speaker, those were

the words, and I thank the members opposite for applauding me when I speak. It's very kind of them. It's been proven, day after day since that Budget has come down, that the opposite is in fact true.

Madam Speaker, there is much more I'd like to say, but I see my light flashing so, just to reinforce what the Member for Burrows sometimes says, and unfortunately the Cabinet Members - well there are not very many backbenchers left over there. They're almost all Cabinet Ministers, whether they are able to govern or not, but they don't seem to listen to the Member for Burrows. So, in conclusion, I'd like to quote from Abraham Lincoln, and it's very timely with the MPIC debate currently going on. It says: "Let the people know the truth, and the country is safe."

Thank you, Madam Speaker.

MADAM SPEAKER: The Honourable Minister of Community Services.

HON. M. SMITH: Madam Speaker, I thought, in reflecting on what I wanted to say in the Budget Speech, that I'd go back a few years and reflect as a member of, I suppose, with a 50.5 percent or 51 percent group in Manitoba on what my view of a Provincial Budget was before I was elected, and some of the priorities I saw, which I wondered whether people in government who talk a lot about business and high finance, also considered some of my concerns in developing a Budget.

I must say, Madam Speaker, I did feel that, in this particular Budget, the principles of fairness and balance that the Minister of Finance brought to the Budget and used to describe it, this Budget has come closer to incorporating some of the concerns which I used to have but which very rarely did I hear elected persons address.

Madam Speaker, it's as no surprise to you to know that a good part of my adult life was spent at home as a mother raising children, as a homemaker, as a volunteer, as a person who, perhaps because I had leisure while I was doing household tasks, had some opportunity to keep an ear to the radio and to the emerging concern about the environment, a lot of issues that in my younger days and my formal education I really had very little insight into. But over the years I acquired a sense that some of the issues relating to environment, some of the newer issues relating to peace and international development were concerns that the traditional way of thought, the traditional approach to politics in public life, business and finance did not take into account.

So, Madam Speaker, when I got involved in politics and became more aware of some of the inequities, particularly those that affected women but much broader than that, that affected many of the people that I associated with, I came to politics with a very strong desire to see, over time, the concerns of the group that I represented brought more into the mainstream and more to the fore.

Madam Speaker, I realized early on that, however important concern for business, private sector, economic development by the private sector was, it wasn't sufficient because the concerns of the private sector neglected many of the concerns that were close

to me. They never seemed to talk about what part of public social services, infrastructure and so on should be paid for by business. Instead, they tended to talk about their taxes being too high, and somehow the systems that sought to educate, to give health care, social service support, the systems that built highways, that built communication systems, hydro dams and so on, were somehow supposed to operate out in limbo, while the private sector business was somehow the high priority and the sacred part of the overall world of public affairs.

Now, Madam Speaker, as I say that, I would like to enforce the idea that, to me, what business and the private sector did was extremely important, because I've grown up certainly in a mining town that owed its life to private sector investment, private sector technology, private sector initiative. Certainly, I knew that had to be an important part of a final picture but, Madam Speaker, I also knew that the concerns of women and volunteers in the community, the concern of people interested in international development and peace, the people concerned about preserving and protecting the environment, those concerns also had to be brought to the fore. So I came with that type of perspective, Madam Speaker.

I agree with an economist named Hazel Henderson, who says that the old image of the economic pie that we are always talking about - do we grow it and then cut it up, or do we cut it up and not worry about whether it's growing? - but somehow the economic pie was a very inadequate image, Madam Speaker.

A far more satisfying way of thinking about the affairs that we were dealing with was the layer-cake image. It did come from a woman and from a woman who, I guess, brought her domestic experience to bear on looking at economics. But she said, somehow, she wanted to look at the economy differently. Certainly, the top layer had to be the private sector. It was an important part of the cake, and it needed to be given due attention. But underneath, supporting that layer, was another layer, and this was the public sector infrastructure funded through the tax system. Underneath that again was the volunteer sector, all that work done by families, by the community, to support the work done by both the public system and the private sector. The bottom layer, the one that perhaps gets neglected most of all, was the ecosystem, the system of air, water, soil that, at heart, supports life or by neglect and by destructive forces working on it, may in fact jettison all the things that we've always worked for.

So, Madam Speaker, I came to politics very much concerned about principles of equity, security for individuals and families, for the community and how the individual and the individual's freedom worked together in a participatory way for healthy communities and also very interested in creativity, recognizing that a lot had to come from the creativity of individuals and groups. So I've never bought this idea that somehow a social democrat is not interested in initiative, is not interested in freedom. It's just that we also combine a very profound concern for equity and for a healthy community.

I realize, Madam Speaker, that it was a problem-solving approach, and therefore when I came to sitting around the table and working through a budget, it was with that view of trying to find the best balance, the

best solution to the problem, not with a biased, we against them, us against business, or business against social services. It was how to get the best balance and the best benefit for all.

The Budget is, after all, the way that the Provincial Government lays out what it expects to spend in its different programs, how it expects to raise the revenue, how it expects to deal with the deficit. Madam Speaker, the Budget, along with the Throne Speech, takes place in a context. It's not completely controllable. We did hear from the Member for Morris that when we develop a Budget we should have a five- or ten-year plan; we should predict precisely what the deficit will be in five or ten years, what the economy will be in five or ten years. Madam Speaker, I don't know where the member has been living the last - a lifetime, really - but particularly the last five years, because the very system within which we operate, internationally and nationally, is in a very rapid state of flux. Any plan that we would lay down today would be out of date within six months or a year because we're dealing with a lot of changeable factors.

The best we can do is come up with a strategy, a sense of direction, a sense of what's important, a good stable plan for year-by-year and, Madam Speaker, clarifying what our assumptions are. Because if politics is anything, it's a debate about what our values and priorities are and what our assumptions are about how the world works. It's one thing to say you want prosperity, full employment and good social services, which the Opposition do say, but their assumptions about how you get there, from my point of view, are quite lopsided.

They seem to think that all you have to do is cut tax for the private sector, say that you want a good business climate and confidence out there and by miraculous processes of initiative that somehow everyone will spring into action and before you know it we'll have prosperity, happiness and full employment. I'm from Missouri, Madam Speaker, because I don't see that sort of process working out there; I don't see that type of result from that type of policy. I didn't see it during the Conservative reign in '77-81; I don't see it working out very successfully in provinces to the west of us who have tried much more than we have to follow that line of thought.

Madam Speaker, I have seen a more stable and productive public policy approach here in Manitoba, and I think we've tried to be very up front about what our assumptions are and what it is we're trying to do.

Let's take the tax system. We have taken a systematic approach, Madam Speaker. We started with the basic assumption that the way money is distributed in our economy, whether it's by assistance, whether it's by earnings, whether it's by earnings from employment or earnings from investment, that the current pattern of distribution of the wealth is not adequate. It really is too lopsided, too loaded at the upper end, and that is why when we come in with a tax program, a program for reform at the federal level - because there are limits to what we can do provincially without that - but also in the program that we put together here at the provincial level, these are the concerns that we address.

We start with the presumption that the wealth is not well distributed. We also start with the presumption that there's no reason in Canada in the 1980's that it

shouldn't be better distributed, that the people who, for whatever reason, find themselves short of opportunity or basic income or housing, should have to live in that way in this community.

If we talk about - as the Opposition do - that all taxes are misery, and that we're talking about sharing the misery, I would counter with this, Madam Speaker. I would say it's poverty that is the misery, lack of opportunity, hopelessness, being excluded, no opportunity. We believe that if poverty is misery, then what we do by programs, by taxation and by general policy is to turn that around. If you like, we use the values of the family, the values of the community, Madam Speaker.

I make no apology for having that sort of a value system. It's certainly the value system that served me well as a member of a family, and it was the value system that I wanted to see in my local community. I see nothing wrong with applying it at the provincial level, the national level, indeed, the international level. That says that the people who are fortunate, who have more opportunity, more good fortune, more resources, should through various public programs and services, share what they have with those who have less; that services, Madam Speaker, are important to people; that they are not things that we just raise money for and put in place when times are good, and then when times are bad we back off. We say they're important to enable people to have their fair share of the total community assets.

Madam Speaker, there are only certain options available to the Provincial Government when looking at taxes and we looked at those options. We looked at what we could reasonably expect from the Federal Government. We have made proposals to the Federal Government as to how they could reform the tax system according to our particular sense of direction and values, but we don't have the luxury of being able to make those decisions, so what we have done is take the options available to us at the provincial level and apply a consistent approach. How? By mixing and matching different taxes can we raise enough for the services people want. How can we manage the deficit in a way that we don't de-stabilize the whole system; and how can we mix and match the taxes so that there is protection and relief for the people at the lower end, and a fairer share paid by people at the upper end, with the middle people falling in on a graduated basis?

Madam Speaker, we put together taxes, credits, progressive rates of tax, removal of deductions and a net income tax, all in a total package, that will shift the tax impact from the lower, middle-income people up the income scale.

I have here an example of what the Federal Government has been doing with the tax system, and their trend, whether they choose to do it this way or not, do it knowingly or not, nonetheless the facts speak for themselves. Their trend is going in the opposite direction.

Let me just give you some facts. In 1985, for a family with a taxable income between \$4,910 and \$4,920, the federal tax in 1985 was \$580; the provincial tax, \$367.30. In 1986, Madam Speaker, for that same taxpayer, the federal tax is up to \$689; \$679 on their basic tax and \$10 on a surtax. What's happened at the provincial level, Madam Speaker? That tax has gone down -

minimally, it's true - but it has not increased. It's gone from \$367.30 to \$366.40. That hasn't just happened, Madam Speaker; that's been because we have consistently been shaping our provincial taxes to the greatest extent we're able at the provincial level to produce that result.

We hear talk from the Opposition that an increase in the level of taxes is somehow taking money out of the system, Madam Speaker. Well, I don't know where the members opposite think that tax money goes, because, as I see it, the tax money comes out of the pockets who already have a great deal and can afford to share some of their surplus. It goes into jobs; it goes into services, Madam Speaker; it goes into providing support and assistance for people who are short of the necessities of life. Madam Speaker, to me, that seems a sensible way to balance the public and private sector economic and social activity in this province, a fair approach, not a lopsided Tory approach.

Now, members opposite are unhappy when we keep raising the comparative stats for the three provinces to the west, but I don't know why they should react that way, Madam Speaker, because, after all, we are the only NDP Government, along with the Yukon, in Canada, and we are coping with many of the same problems as other provinces. And if it isn't fair to compare the reactions in the different provinces and the remedies, I don't really know what we're in in this competitive political area. We are, after all, trying to demonstrate that our ideas, our sense of how the world works, our goals, are better than the other provinces.

We've always heard that their approach to the world would somehow lower the deficit and increase business. Now the truth is that maybe when times are good some of their approaches would work that way, but they are dealing with the same international environment that we are, Madam Speaker. We've all had to suffer the fluctuations in the basic commodity prices, whether it's the forestry industry in B.C., or fisheries, whether it's the grain farmers in Saskatchewan and Alberta, or here in Manitoba.

We've been fortunate, it's true, because we have a more diverse economy and we haven't had the same swings, but even correcting for that, Madam Speaker, I think you'll find that the deficit management, the stability of the society and the economies is much better here in Manitoba. We haven't said that eliminating the deficit cold turkey is a high priority, but we do agree managing and reducing the deficit is important. So we're doing it in a measured gradual way.

We do agree that economic development is important, but we're not doing it by huge tax exemptions, trusting to luck, Madam Speaker, that we'll somehow get investment from individuals and corporations to create jobs. We're doing it rather by a more targeted way where there's clear demonstration that money spent actually results in jobs.

We're not abandoning, Madam Speaker, the needs for the basic services in the community felt by the families, by the single parents, by the seniors, by the disabled members of the community, by the young people who need day care for their children. No, we're building those services - again, not as quickly as we would like - and certainly in areas like day care, I can attest to the fact that if we tripled our Budget, we would still find that there was a shortage.

So, Madam Speaker, it's not as though we have gone through the Budget recklessly increasing the spending, paying no attention to prudence and balance. We've worked very, very hard. As a matter of fact, if we look at all the departments in the Budget, we'll find that the Budget has gone up in a little over half. It stayed fairly stable in seven or eight, and has actually gone down in seven or eight areas. That's because, as we've gone through our Estimates, we have tried to make judgment calls in a consistent and coherent way. So we've worked very hard to come out with a Budget that is fair, that is responsible, and really meets the basic needs of Manitobans.

Madam Speaker, I noticed with interest, and with some respect, that the Member for Morris was saying yesterday that members on his side do acknowledge that we need more taxes, that a tax increase is necessary, that social services must be supported. But, Madam Speaker, we never got the next statement. "How much should taxes go up? Who should be taxed? What programs should be increased and which should be cut?" So I'll be watching very closely, Madam Speaker, as the debate goes on, to see what real solutions to the problems we're going to hear from the other side apart from just the general reaction that somehow business must always be supported and all these other services can somehow be forgotten.

Business is important, Madam Speaker, but it's not the only activity that's important, and it's a question of how to support business, to deal strategically with its development, but not to feel that everything related to business is somehow sacred and protected and everything relating to everything else is vulnerable.

Now, Madam Speaker, when it comes to taxes, because I guess we're going to be debating for a long, long time how much tax people can afford, and who should charge what at which level, we should recall the history of taxes in this country. It was in the early Seventies when the Liberal Government in Ottawa quite overconfidently put in a program of introducing indexation to income tax such that their revenue increase went up very much more gradually.

I don't know what rose-coloured glasses they were wearing at the time - I think it was John Turner who was the Finance Minister of the Day - but what he seemed to neglect was the fact that the expenditure pattern was going up and up with inflation. And, Madam Speaker, as that government, year by year, found itself deeper in debt, we had for a period of time the illusion of high oil prices that were going to rescue everyone. That disappeared, as you know, quite suddenly and dramatically in 1982, and I haven't, to this day, heard what the Liberal Government or the leader of the Liberal Party in Manitoba would propose to do about that national system. Because if we can't resolve that problem, Madam Speaker, our future options are going to be limited indeed.

Now Manitoba can't rely on what the Federal Government is going to do. We can look with deep dismay at the \$2 billion that has been cut out of the federal revenues by the half million capital gain's exemption, lifetime capital gains exemption, by the increased ceiling on the RRSP's - and I like RRSP's, Madam Speaker. I certainly avail myself of them, but the fact that I'm able to avail myself of them and others are not is, I think, one of the great inequities because

I'm able to build up and acquire more and more assets as the years go by in a period of my life when the need is not so great. Meanwhile, people like young parents with needs for day care and affordable housing are left out in the cold, and I don't think it's fair, Madam Speaker.

Now we've put in at the provincial level the type of tax we would like to see the Federal Government put in. It's a net income tax, 2 percent, and it's graduated in such a way that the bulk of the impact comes at the upper end of the income. If a single person is earning less than \$22,400 they pay a small amount; below \$11,400 they pay nothing. A family of four pays less than the 2 percent if their income is under \$45,300; and below \$22,500 they pay none. There's a total of \$83.7 million being collected by that tax with the bulk of the burden being on the middle and upper end. Madam Speaker, none of us likes to pay a lot of tax, but it is my belief people will pay willingly if they know what the tax is going for and if they think the way it's levied is fair, and, in my opinion, this is a fair tax.

Linked to the negative income tax is an additional relief for the lower-income family, based on family size and income. There is a related tax reduction for 100,000 low- and moderate-income families, people who earn less than \$10,000 will pay no tax, Madam Speaker; and for 15,000 Manitoba tax filers that means no tax at all. That gives relief at the end of the population group in the best possible manner.

Now, Madam Speaker, we have put on a surtax. Now this surtax is hitting more heavily the capital gains, less on wages and salary, because it is our opinion, based on the statistics of wealth ownership in this country, that one of the greatest inequities today is the increasing proportion of wealth being held by the people in the upper end of the population and the relative decrease on those people who draw on wages or salary for their income. This goes part way, Madam Speaker, at the provincial level - we would like to see more at the federal level - but goes part way to remedying that situation.

We have also applied the same progressivity to a land transfer tax based on property value. We started with a flat fee for lower cost land transactions and they would be the ones that people in the lower and middle income would mainly be involved with, and then a gradually increased fee as you move up the scale, Madam Speaker. Again, it's the shaping of each tax according to a consistent set of values and a basic belief about wealth distribution that characterizes this Budget.

The sales tax increase to 7 percent has been broadened somewhat with some exemptions, Madam Speaker. Now again, sales taxes are not our preferred option, but in the total package they still provide a relatively fair tax.

To offset some of the regressivity of the sales tax, we've put in a cost-of-living tax credit, Madam Speaker. The fairness offset, \$42 for each single person up to an income of \$13,680; \$95 offset for a couple with two children up to \$29,450; an \$84 offset for a single person with two children up to an income of \$26,230; and a \$68 dollar offset for single seniors to a max. of \$20,580.00. Each of these figures and cut-off points has been based on our knowledge of the impact of these taxes on these different groups to keep a consistent graduated approach.

Madam Speaker, above these limits, there's a phase out, 74,000 seniors and 29,000 farm income individuals get some protection through these tax credits. We've put a small business tax increase on, a .2 percent surcharge. It's more for those with more than \$10 million taxable paid up capital.

Now, Madam Speaker, however you cut it, the 900 corporations that qualify under that are in a better position to pay their fair share, and corporations do receive benefit from public expenditures, expenditures on services, highways, telephones and so on. So we shouldn't think of it as them being forced to pay more than their fair share. In some ways, if we worked out the actual use of many of the public services by these corporations, we might find that they were still short of paying their full share, Madam Speaker.

We've extended the 3 percent business tax to banks, as well as to trust and loan companies. I can't see any argument against that, Madam Speaker. If the banks are in a position to generate profit - in the last business page results that I've had occasion to see do show that they are making a considerable profit and I think a 3 percent share to contribute to the common well-being in the province is well in order.

Again, we've done the same with the levy, exempting many more small businesses and phasing in above the \$100,000 level up to \$150,000, so that 3,700 employers are exempted and 1,800 will be paying less, a very significant relief, Madam Speaker, to the small businesses at the lower end of the scale.

Madam Speaker, in terms of the overall fiscal management, significant improvements have been made in full disclosure in the Budget statement. More accurate projections, we've tried to make them as accurate as we can, so that we are all dealing with the actual conditions in Manitoba. I think the Minister of Finance's consultations prior to the Budget laid out the realistic nature of the Manitoba economy to many, many groups. Because it's our belief that by sharing the information, sharing the problems, that we're going to come to a better consensus in the community of Manitoba, as to what really can be done and what a fair share government program would be.

Madam Speaker, we're committed to deficit reduction. We believe that reducing the deficit would reduce the debt-service charge and that sort of wasteful expenditure, and none of us likes to run a deficit. But to do it suddenly rather than gradually, Madam Speaker, I think would be folly. I note some rather draconian measures in the provinces to the west to deal with their deficits, but none of them have tried to eliminate their deficit in one year. Madam Speaker, the logic of the situation and the problem enforces a gradual approach to deficit reduction and we have done that.

We've indicated that we are going to be expanding the proportion of money borrowed in the Canadian market. We believe that we can raise more of our capital here and that we can also start some more capital raising here in Manitoba for small businesses.

We have introduced the concept of the Manitoba Investment Savings Certificates. We've also announced a cooperative program with the Chamber of Commerce and with other investors in the province whereby small businesses in Manitoba can access development loans and it's a bottom-up approach to development, Madam Speaker, not a dependence on out-of-province capital.

I think it's the kind of promotion to small business development that I expect the members opposite to be cheering, Madam Speaker, instead of gloom and dooming.

We've raised fees right across the board, Madam Speaker. Again, we've tried to look at the fees in terms of who are the people using a particular service, what is their ability to pay, but it would be foolish in running a government, or an operation the size of this, not to keep fees somewhat a pace with inflation. It's only sensible. We don't go rushing ahead making huge profits, as we might if we were operating on a strict private-sector base, but we do believe it's prudent management, Madam Speaker, to keep the fees relatively in balance with the costs of particular services. So we make no apology, Madam Speaker, for gradually raising these fees. We will be paying attention to the ability to pay, the affordability of the different services, and where some compensatory payments are required so that people find themselves unable to access services, we will do that as well.

We have also slightly increased our Capital Investment Program. Again, there are the ongoing capital activities at Limestone, and in the telephone company, MHRC, Manitoba Agricultural Credit Corporation, and Jobs Fund, a total package, Madam Speaker, that shows we believe that with public sector investment, with private sector partnership and investment, we can maintain the prosperity here in Manitoba and maintain the record of low unemployment and relatively good growth which I think is the indicator of good sound government policy and indeed of a healthy economy, not an economy without its problems because the Manitoba economy has certain weak areas. It has immature areas and none of us is complacent about the Manitoba economy, but we do believe one of the chief ways to measure its effectiveness is whether our people are benefiting in the form of jobs, services and reasonable wages.

Madam Speaker, on the side of economic development, again, instead of across-the-board cuts or reduced taxes for business, we are taking an approach that we recommend to the Federal Government - I don't know if they'll listen, but which we believe is the more accountable and effective way to promote economic development - and that's to target through grants, through a variety of programs, where companies or groups, who are demonstrating that they're making investments, that they are increasing the strength of the Canadian economy, get some assistance, but not every one who thinks they qualify for an exemption regardless of whether they have intentions of investing locally.

Madam Speaker, there are environmental protection measures, forestry protection measures. We're carrying on with our manufacturing programs that we have introduced in the past - the development agreements, the manufacturing, the technology adaptation, the venture capital along with small business bonds, the loan program - because we realize that the development of small business capacity, whether it's in high tech, basic manufacturing, some of the tourist areas, service businesses, are going to help to make the Manitoba economy a stronger and more stable economy.

Madam Speaker, in agriculture, again, I sit here as an urban member with an interest in agriculture that admittedly hasn't come from living on a farm, but has

come from a long time recognition of the interdependence of those of us who live in cities with farmers and a real respect for the people who devote their lives to that activity.

Madam Speaker, I think what really throws me, when I hear the comments of the Opposition in this field, is that somehow now that they're having tough times in agriculture. I hear a sudden call for the government to generate big sums of money and make them available to farmers. When we were talking about how to stabilize some of these agricultural ups and downs over time, Madam Speaker, so that everyone puts in when times are good and then the supports are there when times are bad to overcome some of those ups and downs, we didn't get so much support. No, when times are good they say hands off government, we don't want to contribute anything and we don't want you to intervene.

However, when times are difficult and prices drop or the cost of inputs goes up, we hear the other story, huge amounts of money being asked for; not much talk about what form, whether it's going to be livestock stabilization, crop insurance, low interest loans, targeted input cost subsidies, support for families. We've been doing all those things, Madam Speaker, over time in a very targeted way, and I think that's the way to approach each industry, trying to ensure its strength, its stability and its survival over the long pull. I know we're going to have many challenges coming at us in the agricultural field, but I think if we take that long-term approach to it and look at what will stabilize the particular aspect of agriculture or particular farm community over the long pull, that we're more likely to come up with supportive answers.

Madam Speaker, I have not gone into the social service side. There will be ample opportunity for my colleagues and I during detailed Estimates to talk about the type of expansion and redirection that we are undertaking in each of the social service fields; again, the same principles, though, have governed us. What are these services that people need? How do we manage them effectively? How do we ensure that they are available to people according to their need? How do we ensure that there is a sufficient range of them to meet the varying needs of people out there?

Madam Speaker, in balance, I find the Budget presented by my colleague, the Minister of Finance, a very solid, thoughtful, fair and balanced document, and I'm very proud to be associated with it.

MADAM SPEAKER: The Honourable Member for Virden.

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

It's indeed a pleasure for me to stand and speak on the Budget, give some comments that I believe are appropriate for my constituents in the Virden area. I would like to touch base with a few issues that directly affect my constituents and then I want to spend some time talking in depth about the agricultural situation.

I read with interest an editorial in the Winnipeg Free Press today which was relating to the use of barbed wire to keep residents in this province with the huge tax increases that we all face. I can assure you, Madam Speaker, that there are many residents in my

constituency along the borders of Saskatchewan. They're looking across to the west and thinking, gosh if I just lived over there somewhere, I could have a lot better chance of being able to compete in this world.

The first issue I would like to touch on is the bordertowns and taxation. The Minister of Finance did not address that issue with the . . . (Interjection)- The Minister would like to bring down another Budget there.

Madam Speaker, several retail operators in bordertowns of my riding and other ridings along the Saskatchewan border met last year with the Minister of Finance and made him aware of the problems they were facing because of the removal of the sales tax from clothing in the Province of Saskatchewan up to a limit of \$300.00. The Minister said that he'll study the problem and report back with what he would do. His study of the problem was to do an analysis of the sales that occurred in these stores and compare them with other parts of the province. He's given us the results, which don't show a great drop in the amount of sales tax collected from these bordertown merchants, but I can assure you, Madam Speaker, that does not tell the true story.

These merchants, in order to attract business to Saskatchewan, have found that they had to pay the sales tax out of their own pocket. They couldn't charge it to the people who came to Saskatchewan, otherwise they wouldn't buy. So sure, the government is collecting its tax, but it's out of the retail merchant's pocket. These merchants are very upset that the Budget did not address that problem and remove sales tax on clothing right across the province, Madam Speaker.

These merchants feel that over the last year about one-third of their customers are no longer coming through their door. These are customers who used to come from Saskatchewan. They used to come to Manitoba to buy. Now they no longer come. In fact, they face the problem now that Manitoba residents are going to Saskatchewan. Madam Speaker, wouldn't you, if you could buy clothing out there up to \$300 with no tax, as opposed to paying 7 percent here; going out there and being able to tank up your car for as few as 10 cents a litre less, and you would also probably stay your weekend there, rather than come to Brandon. So there's a lot of business lost to Manitoba because of this relatively small tax change by the Province of Saskatchewan.

I can assure you, Madam Speaker, that the merchants out in Western Manitoba are suffering. The Province of Saskatchewan advertised in Manitoba rural papers last year: Come over and save. Well, if they could advertise that way last year, they'll certainly be back advertising this summer, because there's a higher sales tax difference now than there was a year ago.

Another area, Madam Speaker, I would like to touch on very briefly is free trade, trade discussions with the United States. Madam Speaker, on the other side of the House, they completely ignore the reality of what trade means to this province, in fact, what it means to this country. They say no, pull away from discussions, don't talk to the people who buy our products. Madam Speaker, over 80 percent of the trade that Manitoba merchants do is with people outside the borders of Manitoba, in the United States in particular. Madam Speaker, 30 percent of the pork we raise in this province goes to the United States, 15 percent of the beef. Where

would we be if we didn't have that export market? We've got to sit around the negotiating table and talk and compare notes and try to keep our trade deals going.

Madam Speaker, just as a bit of history, I would like to indicate to the House that I have in front of me the export contributions to the Manitoba economy from exports as a percent of the provincial gross domestic product. In the Lyon Government years, Madam Speaker, the exports were around 8 percent and they rose to 14 percent. Since 1981, exports to the United States as a percent of the Manitoba economy exports, have flattened out at around 13 percent. We're no longer having any growth of sales to the American economy, and I can understand why, Madam Speaker, under this kind of government that we have here now.

(Mr. Deputy Speaker in the Chair.)

Let's look at some comparisons between the three provinces of Western Canada, all of which have a similar economic base. In Manitoba, from '83 to '85, the percent increase in American exports was 2 percent for Manitoba; for Saskatchewan they increased 11 percent in exports to the United States; Alberta increased 15 percent, Mr. Deputy Speaker. That's what a good Tory Government will do in those provinces in terms of promoting their businessmen, finding markets for products to be sold, and moving into those markets.

Mr. Deputy Speaker, another area that seriously affects my constituents is the lack of money that's expended in highways, and this Budget did it again. It collects more revenues from the people in Manitoba than it spends on highways. In the highways area, the motive fuel tax, \$13 million collected; highways and transportation general increase, another \$12 million - \$25 million that most people think should go directly to highways, Mr. Deputy Speaker. But what did the highway increase budget come out to be? \$5.3 million - about 20 percent of the amount of money that was collected that should go to highways.

Mr. Deputy Speaker, the Federal Government has put in for the provinces of Manitoba, Saskatchewan, Alberta and B.C. a total of \$50 million for Yellowhead upgrading. Manitoba's going to get about a quarter of that; in other words, \$12.5 million for Yellowhead upgrading.

I notice with some degree of remorse that at the junction of Highways 1 and 16, there are surveyors out there putting in stakes, which would indicate that maybe the Minister for Transportation is thinking of building a cloverleaf there, and it's surely not needed. The accident statistics there would not indicate much trouble.

But there are some real problems up that highway further on as you go west towards Saskatchewan, Mr. Deputy Speaker. I drive that highway twice a week - once in, once out - and it's in a terrible state of deterioration as are many other highways in this province. But the Federal Government has put up \$12 million for use on that highway to be matched by the province, and I believe that it should be spent on areas of that highway that really need upgrading. That's the area from Gladstone to Neepawa where the shoulders are very depressed and the road is very rough and in another two years it's going to be in terrible shape.

And that area from Franklin junction to Minnedosa, I came down that stretch this morning, Mr. Deputy Speaker, and as you appreciate, the highways are a little wet and a little slushy right now, and with the frost coming out, the highways are starting to have some frost boils and some holes develop. This stretch of highway has been in bad shape for the last two or three years, and I know it's scheduled for construction this summer.

I was coming east and there was a semi coming towards me coming west. The road is kind of rough and bumpy, and this semi, I kid you not, Mr. Deputy Speaker, started to bounce on the highway. He was bouncing, and I was lucky that he bounced towards the shoulder instead of bouncing towards me. Now you think about that the next time you see one coming and he starts to bounce. Because of the state of the highway, you've got trouble. That's the kind of shape that many of our highways are getting into, and many residents are wondering why can't there be more money spent to improve them because there's a real safety hazard involved.

Another area that many of my rural municipalities are quite concerned about is at this time of the year the province puts restrictions on its paved roads. In other roads, trucks over a certain weight cannot travel on those roads. But commerce must carry on. Farmers must have seed and fertilizer and fuel brought to their farms. Grain quotas come on, they must move their grain off the farm, and they can't drive on the provincial roads that we've all paid for.

Where do they drive, Mr. Deputy Speaker? They drive on municipal roads. They punch and pound and deteriorate these municipal roads because they're not allowed to drive on the provincial roads. Many of our municipal councillors are quite upset with this, and they're saying if the province wants to protect their roads, why don't they help to pay some of the costs of improving the R.M. roads so they can carry this heavy traffic in the spring. It's an area of neglect that has been going on for a long time, and as our farm trucks get bigger and our fuel trucks get bigger, we need some money allocated in this direction to help the R.M.'s.

Another area that certainly a lot of people asked questions about over the last year was telephone service. We have certainly some very poor telephone equipment in my riding. I have two different R.M.'s that have resolutions in for action to improve them. They are a couple of the oldest exchanges in the province, and they have found out they're not scheduled for equipment upgrading for another two or three or four years yet.

You can imagine how they feel when their phone is out two or three times a week and maybe the repairman comes and two or three hours later it's out again and they have to phone. They can't phone the local repairman. They have to phone to Brandon to get clearance for that repairman to come. When they can see \$28 million being wasted in Saudi Arabia, they wonder why couldn't a bit of money have been spent to improve their telephone services in their local communities.

We would also like to have some consideration for more private lines in rural Manitoba without us having to pay a horrendous cost to get them there. We would

like to have larger exchanges. Fifty-seven percent of the people of Manitoba live in one exchange right here in the City of Winnipeg. The other 43 percent have how many exchanges? Well over 150, I understand. So there's not a lot of fairness there. Many people who live in R.M.'s, they're in larger school districts, larger hospital districts; they have to phone long distance for almost all services they want because they're now in a town that's 20 and 40 miles away and they're certainly going to be in a different exchange.

I would also like to make some comment on hospitals. The Minister of Health is in the House, I see, and I've been repeatedly asking for some clearance from him that two hospitals would be built in my riding. They've been on the drawing board for some long period of time. The people out there are getting pretty desperate waiting, waiting and waiting. If they have another delay, they'll be knocking on his door before too long.

We have another problem in the hospital area of one of many, I guess, but certainly rural doctors is a real problem. You've all heard about the problem of getting doctors into rural Manitoba. I understand that the general target is somewhere around one doctor per 500 people in this province. I understand that in Winnipeg, certainly, the ratio is a lot better than that, certainly a lot less than 700 per doctor. Out in our area, when people do the count, they say it's around 800 to 1,000 to 1,200 people per doctor.

A MEMBER: One thousand and something.

MR. G. FINDLAY: One thousand and something, yes, and I think that some parts of my area are on the upper limit of that.

We certainly need to have some real direction to the medical profession to get doctors out into rural Manitoba. It's kind of disheartening when you look at who the doctors are that we do have there now. They're not doctors that are trained with our tax money. They're doctors trained in other parts of the world. There's nothing wrong with their qualifications, but we just wonder why, when we spend our tax dollars to educate doctors in this province, we can't have the services of those doctors after they've been educated at our expense. I would like to see the Minister of Health move a little stronger in that direction.

Mr. Deputy Speaker, I'd like to now spend some time looking at how I view the Budget relative to agriculture. The revenue to be generated by this Budget is some \$368 million. It's the biggest tax bite that any resident of Manitoba has ever seen in any individual budget. Agriculture will receive an additional \$14.3 million; it's only 3.9 percent of the increased revenue that this province is going to receive as a result of this Budget. Members, time and again, address agriculture as being of some significance; even the last speaker just touched on the problems in agriculture. We know there's a problem - we want to address it - but when you only address it with 3.9 percent of the increase of the Budget, you're not really looking at it too significantly.

Mr. Deputy Speaker, in last year's Budget, agriculture received a total of 1.8 percent of the Budget. This year, it's going to be 2 percent. We've really had a lot of recognition in terms of the amount of money that agriculture is going to get; especially when you consider

that agriculture generates about 25 percent of the jobs in this province, but we only received 2 percent of the Budget.

In comparison, Mr. Deputy Speaker, Saskatchewan has designated 6.2 percent of its Budget to agriculture; Alberta 3 percent of its Budget. So we're on the low end of the totem pole with regard to how the different prairie governments look at agriculture, in terms of putting money in there.

Mr. Deputy Speaker, I would like to now look at some of the ways of which this Budget has taken tax dollars out of the pockets of Manitoba farmers. I just said they've put \$14 million extra into agriculture, \$12 million in a school assistance program, but in what ways do agricultural members or farmers pay as a result of this Budget, Mr. Deputy Speaker?

In the general government revenue, fees and sundry area, there is an additional \$1.649 million to be collected in the area of agriculture. That's a 20.8 percent increase in the fees charged for the services this government gives to its Manitoba farmers.

In the retail sales tax area, an increase of 1 percent, up to 7 percent. Mr. Deputy Speaker, all farmers, all farm families are buyers of clothing and hardware and other items of that nature, generally living items, where they are going to have to pay that sales tax.

There is a tax on insulation; certainly farmers use insulation. There is a net income tax of 2 percent and farmers are going to pay some of that.

A question was asked of the Minister of Finance the other day, if business losses would be taken into consideration before a person paid that net income tax. He didn't answer the question; he took it as notice. And I could almost be assured by that action that means that business losses will pay that; the business losses would not be deducted before that 2 percent is calculated.

Mr. Deputy Speaker, some farmers are in a position of having to pay the levy on health and education, the payroll tax, and that's a significant increase in this Budget. Some farmers unfortunately smoke, so some of the taxes will be collected in that area. The increase some time ago in the minimum wage, some farmers are going to be paying that. The increased Autopac premiums of 9 percent to 30 percent, farmers buy licences. There is the increased drivers licence fees. Again, farmers will pay.

The increased telephone rates of 11.5 percent - again, farmers pay. The increased hydro rates - first, the 5 percent general increase of about two or three months ago, farmers pay that. But in the Budget an additional 4.7 percent increase of hydro rates. A one-time increase the Budget said; a one-time increase. I would believe that anybody you ask what one time means. It means once; one time means once. The question was asked of the Minister of Energy and Mines last week what "one time" meant and he admitted it means incorporated into base, so we will pay that forever. In total we pay 9.7 percent more for hydro. Farmers pay that.

Many farmers have employees and they have to pay the increased Workers Compensation, up around 20 percent.

Mr. Deputy Speaker, in a general sense, take a family of four, a farm family, husband and wife, two children, and you go through these various items that I have

mentioned, and I'm just going to pick the odd one and give you a rough increase for the cost of living for that family because of that Budget.

You take the general fee increase, I calculate to roughly \$100 for this farm family, retail sales tax may cost them \$200, the general fee increase in revenues to be collected from agriculture. If you look, Mr. Minister of Finance, on page 2, you will see under Agriculture, fees collected last year \$7.9 million; fees to be collected this year, 9.55, an increase of \$1.6 million.

A MEMBER: Do you know what that is? That's opposite revenue for sales that agriculture does on behalf of other organizations.

MR. G. FINDLAY: These are many fees that we pay for all the services received from agriculture. We will find out in Estimates when we go through them.

Mr. Deputy Speaker, in the net income tax area, for many farmers it's going to mean roughly \$500 for that family; in the Autopac area, about \$100 for the family; in telephone rates and hydro rates, about \$100.00. I would say that the average farm family is going to pay about \$1,000 extra because of this Budget and the education tax relief to be received is \$500 for a family. So for every dollar of relief we got, we have \$2 of additional tax.

And further, Mr. Deputy Speaker, it's noted quite clearly in the Budget that the land transfer tax is a temporary exemption for farmers. It means we are not going to pay the land transfer tax because of this Budget, but it clearly means to me that someday in the near future when the government wants some more revenue the land transfer tax will be applied to agriculture. And that will further increase the cost of a young person buying a farm.

Then we look at the farmer within the community. Farmers are very strong supporters of small business in rural Manitoba. We buy goods and services from them on a very regular basis and that's how your rural economy runs. Mr. Deputy Speaker, our small businessmen has been faced with a lot of increases also, the minimum wage increase; the government fee increase; sales tax increase; net income and corporate tax; employee tax; Autopac increases; telephone increases; hydro increases; Workers Compensation increases. Every small businessman has all those increases as a result of the actions of this government in this calendar year.

And what does that businessman do with those increased costs? Does he swallow them? How does he swallow them? He has to pass them on to the people that buy his goods and services. That means us, as farmers who buy those goods and services, have to pay a higher fee, a higher rate for those goods and services to offset the increased taxes that this government has put in place.

And a good example was recorded here today by the Member for Arthur who brought out the million dollar increased tax that Simplot has to pay because of this Budget. Because of this million dollar increase they have to charge us, as farmers, more for that fertilizer. And if it works out to \$10 or \$12 or \$15 a ton to offset their additional costs because of this Budget, that means the farmers pay that much more.

But that is not going to be generated by a magic wand, Mr. Deputy Speaker. It has to be generated by the users of that fertilizer; that's the farmers.

But do you know what the end result is going to be, Mr. Deputy Speaker, for Simplot, for a lot of our small businessmen? They know that the farmer can only pay so much. They know that the farmer is going to cut back in expenditures. He is going to cut back in the amount of fertilizer he buys, in the amount of goods and services of all shapes and descriptions that he buys. That means that that businessman like Simplot and every other one is going to be hiring less people. That means that you've gotten rid of some more jobs in Manitoba by this horrendous tax bite of some additional \$368 million.

Let's just take a look, Mr. Deputy Speaker, for a minute at what the farm family faces today. We're under severe economic problems because of trade war between the United States and Europe. Everybody knows that. But in order for that family farm to survive, Mr. Deputy Speaker, in many, many cases the wife has to work off the farm and often, in many cases, the wife works plus the husband works part time off the farm to try and support their living so that they can keep the farm going. In many cases, they have to tell their son, "No, we cannot incorporate you into the farm. We had planned to for all these years but now that you are 20, 21, there isn't room for you on the farm because there isn't enough revenue here for two families to live." So the son has to leave or he has to go work somewhere else and help the father in his off hours.

Another problem that comes up is that in many cases where the husband and wife work off the farm to try to keep the farm running is that somewhere down the road an assessment is done on their incomes and somebody from the tax department determines that their off-farm income is greater than their on-farm income. Now that's pretty easy to have happen as they try to keep the farm going. And their house then becomes taxed, so the government is in there with a bigger tax grab on them because they are considered to be off-farm employed, when they are really trying to save their farm. There is a tremendous inequity here. The Minister of Municipal Affairs is aware of it and I hope he soon addresses it. We certainly thought it would have been addressed in this Budget.

Mr. Deputy Speaker, your government talked continually of social equality. They loved the 40 hour week and less. They loved the quality of life; they speak of it often. They love to see increases so the people can cover the cost of living. Well, I can tell you, Mr. Deputy Speaker, the farm community has not experienced very much of that. They had a 20 percent reduction in their gross income last year, another 20 percent reduction in gross income this year, and if that was happening to the wage earner in the Province of Manitoba this year or next year there would be a national outcry from your government. This is horrendous to see people have a drop in income of this nature, but yet this is going on around you for the farm families of today, and nothing is being done, particularly nothing by this government to address that issue.

I've talked with people who were psychologists, who have done studies of farmers in this province and other provinces of this country, and they tell me that their

studies indicate quite clearly that the most stressful occupation according to their tests is farming. It's more stressful than being a policeman or a prison guard. I'll tell you I thought their professions were pretty stressful, but they say agriculture is more stressful. The other day, I saw a report from Alberta, and I'm sure the same report would apply here, that the number of suicides per thousand people is higher in the occupation of farming than in any other occupation right now, and it does not look too good for that area in the future.

Mr. Deputy Speaker, a statistical survey recently done by Stats Canada of some 9,000 farmers indicates the planting intentions that farmers are looking at for this coming year. Across Western Canada, they're saying a 5 percent increase in summer fallow and a 7 percent drop in wheat acres. In this Province of Manitoba, they're saying a 9 percent increase in summer fallow - that's area that will not be seeded this year - and a 6 percent reduction in wheat acres.

Mr. Deputy Speaker, over the last number of years, our scientists have been repeatedly telling us, reduce summer fallow, reduce summer fallow, because that's good for soil conservation. Obviously farmers have decided, because of the economic situation, they can no longer continue to plant crops at the expense of removing summer fallow. Mr. Deputy Speaker, we're going to have more soil erosion in the future, because of these economic problems.

When there's more summer fallow and less wheat sown, that means less fertilizer bought, less fuel bought, less chemical bought. This goes back to what I was saying earlier about the small businessman. They're going to see less business activity from the farmers, clearly and straightforwardly. I would predict that the cash expenditures of farmers will be reduced some 20 percent to 25 percent this year. That's 20 percent to 25 percent less goods and services bought in rural Manitoba, and this will translate directly into less jobs in rural Manitoba.

(Madam Speaker in the Chair.)

Madam Speaker, I see you're back in the Chair.

This means that when jobs are lost in the small towns throughout rural Manitoba, where do the people go? They've got two choices. They can come to the City of Winnipeg and further increase your population here, or they leave the province. Either way, rural Manitoba's a loser, because many of these young people will not come back again in the future.

Madam Speaker, I hate to always be talking in gloom and doom and I hate to read newspapers that always have gloom and doom, but I did have a little spark of optimism this weekend when I read a report out of the United States that said that the country of Canada is doing very, very well in exporting grain around the world, wheat and barley, doing very well, a lot better than the United States is doing. We're doing it because we have a high quality grain to export, and we have a grading system that our buyers believe is very good.

China and the USSR are both increasing feed wheat and barley imports. Madam Speaker, when I see that decisions are being made by farmers in Manitoba to decrease acreage, that means that maybe, if there are good markets out there because of the quality of our product, we're going to be missing those markets in

the future if we don't plant the crop. But you can understand the farmer's position. If you can't make money at it, you've got to cut back, and that's going to hurt the economy of Manitoba for a long time to come.

We have probably learned the lesson of our overexpenditures of the past number of years but, Madam Speaker, the government needs to follow our example. You've got to reduce expenditures and live within your means. You can't go on forever operating in a deficit.

Madam Speaker, I would like to, for a few minutes, just touch base with some of the comparative figures between Manitoba and Saskatchewan, particularly - and I'll use some Federal Government figures too - of the kind of support that has gone to agriculture in the last year. A very interesting article was published on January 1 in the Western Producer, and I've referred to it before. It gives the amount of expenditure in Saskatchewan, Manitoba and Alberta. The Minister of Agriculture sent along a letter to try and correct the figures, and I will use these figures right now since the Minister from The Pas would like to hear them.

There's a whole list of figures. There are 12 items there, and I won't go through them but I will quickly add them up. Their Minister of Agriculture says that Manitoba spent, in 1986, \$106 million for agriculture. - (Interjection) - Yes, 106 million. Now this is creative arithmetic, because I heard in the House from the Premier and the Minister of Agriculture just since this Session started that the figure has now become 160 million. All of a sudden, it's increased some more. Why do they respond like this? They feel there's some heat coming on them.

Let's look at these figures a little further. When you look down the list and you add them up, there's 2 million here and 4 million there, and you get to the bottom to this 106, and then I look back and I see there's 64 million of MACC loans. These are loans to the farmers that little farmers have to pay back. Is that called direct financial assistance to the farmers? Do we add in all the monies the banks loaned as assistance to Manitoba farmers by this government? So now you're down to about \$36 million, Madam Speaker, and these are the Minister of Agriculture's figures himself. The Member for The Pas, I hope you're aware of these figures and see what the Minister of Agriculture is trying to do.

Further, Madam Speaker, on more than one occasion since the Budget has come down, I've heard the Minister of Agriculture say that there's more money spent per farmer by the Manitoba Government than there is in Saskatchewan.

A MEMBER: Not true.

MR. G. FINDLAY: That's not even close to being true.

I'm going to use two sources of evidence, Madam Speaker. If you take the three programs and compare what a Manitoba farmer gets and a Saskatchewan farmer gets, you take the education tax benefit. You take a 1,000-acre farmer. He has been paying about \$2,000 in education taxes. The \$500 off in the Budget means he's still paying \$1,500, Madam Speaker. In Saskatchewan, they're paying \$1,000.00. The

Saskatchewan farmer is \$500 ahead of us in that category.

If you take fuel costs, a 1,000-acre farmer in Manitoba will pay about \$8,000 in a year; a Saskatchewan farmer, \$6,000.00. The Saskatchewan farmer benefit is \$2,000 in that category.

If you take the operating loan money that was put out by the Saskatchewan Government last year, \$25 an acre at 6 percent interest, the average Manitoba farmers would be paying \$3,000 interest on that 25,000, if he borrowed it here in this province. In Saskatchewan, he ended up paying \$1,500 interest, a net saving of \$1,500 for that Saskatchewan farmer. On those three categories alone, the Saskatchewan farmer is some \$4,000 ahead.

Madam Speaker, as further evidence - and this, to me, is the best evidence there is - I hear members opposite often quote the Globe and Mail as being a source of their statistics. The Member for Transcona brought me this this afternoon after question period, and I will read from this which he brought to me. He wanted me to be aware of this, after your Minister of Agriculture said that Manitoba farmers have more benefit per farmer than Saskatchewan does.

The Minister of Education should be interested in hearing this, and I quote - this is Globe and Mail, Saturday, March 21, 1987 - "The Devine Government provided about \$25,000 in grants and loans to the average Saskatchewan farmer in 1986. By comparison, Alberta gave an average of \$9,000 to its farmers." We haven't got to Manitoba yet, but we're getting down there. "Manitoba provided \$5,500" - and that's more! Their arithmetic says that is more support than Saskatchewan farmers got. Now how does that arithmetic work out, Madam Speaker? I have trouble with that.

But I will go on a little further in this article, and the Member for Transcona is now in the Chamber. I agree that some urbanites are upset when they hear those figures, and most of those members over there are urbanites. They say, farmers are getting too much. I'll tell you, just get in a car and come with me sometime. We'll talk to these farmers about how too much they're getting. Some of these urbanites are upset because, in Saskatchewan, there are more farmers driving half-ton trucks. They went and bought these trucks, and the person who may be upset with this is the person who works in a dealership where he services that truck and he has his job because the farmer spent the money. That's how the economy runs. If it doesn't run like that, people lose jobs and where do you end up?

Madam Speaker, how much time do I have left?

MADAM SPEAKER: The honourable member has five minutes left.

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

Very quickly, I would like to sum up by giving you the dilemma that the Manitoba farmer faces. When you look at his operating costs and his fixed costs, the operating costs he definitely has to pay every year, he lays that cash out for fuel, seed, fertilizer, insurance and taxes. He has to pay those operating costs. The Manitoba Department of Agriculture puts out figures each spring to give farmers a guideline as to what those

costs are, and farmers sit down and calculate it themselves. It's about \$80-an-acre this year, Madam Speaker.

Then he has fixed costs, such as taxes, his living, his land costs, his depreciation, his machinery replacement, and he can easily put another \$75 of costs in there. But, Madam Speaker, most farmers have been cutting back in what they've been paying in that area. They've been taking nothing for depreciation. They've been taking very little for land costs, and they've been living on very little. But, Madam Speaker, when a farmer looks at what he's going to receive from what he's growing this year - a basket of crops like wheat, barley, rapeseed, flax - the best he can hope for, with average yields, is about a gross income of about \$80 an acre. All he can recover is his operating costs. He's got nothing left over for living, he's got nothing left to pay his taxes, he's got nothing left to pay land rent, if he has to pay it, and he's got nothing to cover depreciation, Madam Speaker. He faces quite a dilemma.

Then he looks to governments for assistance, Madam Speaker. He looks to the Federal Government, and he's looked there with some degree of satisfaction in the past. If he's a member of Grain Stabilization and he gets the deficiency payment, for many farmers this will amount to \$20, \$25, maybe \$30 an acre. It will help him offset those fixed costs that he can't pay.

Madam Speaker, I mentioned awhile ago some figures for Manitoba versus Saskatchewan, and I said Manitoba's put in about \$36 million into its farm community. The Federal Government, Madam Speaker - and I would like to read the figures, I think they're worth noting - what they put into the Province of Manitoba last year, 1986: in Western Grain Stabilization, the federal contributions were \$150.8 million in the farm community of Manitoba; agricultural stabilization, another \$6 million; the Crop Insurance Program, \$20 million; payments under The Western Grain Stabilization Act, \$158.1 million; Special Canadian Grains Program, the Deficiency Payment Program, \$151.3 million; other programs including dairy subsidies, advance payments and research, another \$47.7 million - \$533.9 million put into this province by the Federal Government, in comparison - and now I think I will hear from the other side, but we're putting in more. I would like to hear the arithmetic from the Minister of Education as to how that is done.

Madam Speaker, back in 1980, we had a drought in this province. We had a serious drought, and farmers were in about the same shape then they're in now. They knew that, if it rained the next year, they'd be out of that problem. Well the Lyon Government put in emergency agricultural expenditures of over \$41 million in the Budget of 1981 to help the farmers recover from that problem, one program alone. The Minister of Agriculture at that time, the Member for Arthur, saw the problem and he addressed the problem, but this government does virtually nothing. They sit back and they tax us to death, and give the farm community nothing but lip service.

Madam Speaker, I heard the ultimate in lip service last Friday in this House when the Minister of Agriculture got up and told us he had a press conference earlier where he had offered the sugar beet growers \$315,000 a year, which the sugar beet growers had requested as the government's contribution to a tripartite program.

But that Minister of Agriculture said, I will give you the money, but I won't sign the agreement for the tripartite program. I don't want any part of it, he says, but I will give you the money. He knows full well - they want tripartite agreements on many other areas. You want it on hogs, you signed it on hogs. You want the Federal Government to come in with \$533 million a year to support the Manitoba farmer, and yet you won't even come up with anything more than \$315,000 and won't sign the agreement.

Madam Speaker, there's no question that this government knows nothing but take in revenue. The members of my constituency are very upset, because there are no guidelines to indicate - (Interjection) - Madam Speaker, I've got about one minute left.

MADAM SPEAKER: The honourable member's time has expired.

Did he finish his sentence? He has leave to finish his sentence.

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

At this point in time, because of provincial deficits, each member of this province, each one of us, every man, woman and child, owe about \$10,000 of that provincial deficit, and we know that is going to do nothing but increase. What is this government going to do next year? Does that mean that next year we have to have the same increase to our deficit, Madam Speaker? That is not good government for the members of this province, and we want to see something better.

Thank you.

MADAM SPEAKER: The Honourable Member for Inkster.

MR. D. SCOTT: Thank you very much, Madam Speaker.

I believe I sense a willingness on the members in the House to call it six o'clock.

MADAM SPEAKER: I don't sense the same willingness.

MR. D. SCOTT: Well thanks very much, Madam Speaker. It seems to me, like so many other issues, they can't make their minds up on that side of the House.

MADAM SPEAKER: Is it the will of the House to call it six o'clock?

The Honourable Member for Inkster.

MR. D. SCOTT: Thank you very much, Madam Speaker.

I already see I've got eight minutes before adjournment hour, but I shall make my best use of that eight minutes.

First, I must say as my first time on my feet this Session, Madam Speaker, I would like to extend my warm wishes to you in the service of your office, the most important office in this Assembly, and to wish you good in our deliberations for this Session and future Sessions.

I would also like to extend my congratulations to our new Lieutenant-Governor and Mrs. Johnson. They have quite a task ahead of them. It's a very onerous position, very, very demanding upon their time.

I would like, at the same time, to thank the former Lieutenant-Governor, the Honourable Pearl McGonigal, for the fine service she gave to the people of this province, travelling far and wide and tried very well and very successfully, I would say, at bringing the Lieutenant-Governor's Office to the people throughout the Province of Manitoba, Madam Speaker.

Madam Speaker, it's interesting sometimes to watch members opposite and how they've evolved I guess in the last year, especially the members who just came into the Legislature with last year's election. It seems that, as the member who just finished speaking, in some instances at least, the longer they're here, the louder they get. I appreciate a well-delivered, a concrete and substantive speech, and I would encourage members on all sides of the House to not necessarily feel the need to raise their voices, as much as to dig deeply into the issues they're speaking of and give opinions, well-thought-out and well-researched, to bring them before the House for the benefit of all members.

We have I believe, Madam Speaker, not just - certainly not in this province - and not just in this country but throughout the Western World, particularly in North America, some semblance of a crisis in public office today with a lack of confidence, sometimes justifiable unfortunately, in the leadership that is given to the people, the differences between the rhetoric and speeches and the facts and the results that we have to offer the people after we've tried to keep up, in some instances, with our rhetoric in office and in Opposition, as well.

And I would say that there is a call upon all members, all elected officials in this country, to bend over backwards to try and to do the thing that we are elected to do, primarily, and it is to serve all of the people in the best interests of our country.

When I see some of the decisions that are being made in the name of fiscal responsibility in some instances here - and in this province, I must congratulate our Minister of Finance on a very honest and frank Budget, a very tough Budget, very tough. It is not the sort of Budget that Ministers of Finance love to run in and to give, but I think that the Minister of Finance has shown, and proven once again, his accountability and his honesty to face up to the situation that this province sees itself in and finds itself in.

And I wish our provinces west of us well in finally starting to realize that they have to do far more to put their Houses in order, as well, to give the people the type of representation that they thought they were voting for.

We had an experience just last year, in October, of the government next door to us campaigning on a great future for Saskatchewan, building upon Saskatchewan's successes; never once, when they were halfway through their fiscal year, giving any indication of the travesty that their budgetary finances were in at that time. The Budget deficit in Saskatchewan did not go from under \$400 million to \$1.5 billion since October 20 of 1986. They misled the people of the province when they brought their Budget in back in the spring and at the same time, and even more crassly, is what they did in their provincial campaign.

I don't know how many people here had the opportunity yesterday morning to listen to "Sunday Morning," and to hear Premier Grant Devine trying to

talk himself out of the strategy that they had in the campaign last year. I don't remember the exact quotes, so I can't quote the man exactly, but I can tell you what, in essence, he said. He said: Our campaign managers managed a campaign for the best possible success of the party that it is representing; that the campaign managers don't bring anything out that could possibly be realistic or give any, as he called it, doom and gloom news; that they would not discuss anything of that nature.

But the thing is that that same Premier, who is now trying to hide from the dishonesty of their election campaign last October in the Province of Saskatchewan, and is trying to blame that on the people whose campaign he approved, and even more so, with the blatant dishonesty of going to the public and offering hundreds of millions of dollars worth of totally new types of programs, most of which are now going to get axed, and, as a campaign -(Interjection)- It's very, very relevant to hear, for the Member for Springfield's information.

Because what's happens in the provinces west, when their credit ratings drop significantly, as they will, and all of the provinces west are in that situation, that, unfortunately, in the circles of those who do the ratings of the different provinces will probably have some impact in holding back the improvement in the credit rating for this province because of the fiscally responsible Budget that our Minister of Finance brought in here today, because they were in such a mire of debt west of us, such a mire of debt. And they are all Conservative and very right-wing Conservative

administrations, very right-wing Conservative administrations who bought the public.

There was one gentleman on yesterday talking about the house improvement loans that they had. This gentleman, he said it was just a waste of money; he took advantage of it himself. He says, "Why shouldn't I take advantage of it when everybody else around is taking advantage of it?"

A MEMBER: Alan Blakeney?

MR. D. SCOTT: No, it was not Alan Blakeney; it was an individual on a street interview. This gentleman had put \$15,000 into his home, the government put \$11,000 of that \$15,000 into the home, and he didn't need government assistance for any of it, he said. But because they brought in a program that was so poorly designed, that was opened and designed by the Government of the Day to be manipulated and used not even as a pork barrel but just a slush fund for people to grab in of the public's money, their own money, trying to buy themselves, trying to buy votes with the people's own money, and they now recognize that. I don't think in the future you will see the people in Saskatchewan being bought with their own money as they were in October of 1986.

MADAM SPEAKER: The hour being 6:00 p.m., I am interrupting proceedings in accordance with the Rules.

I am leaving the Chair and will return at 8:00 p.m., at which time the honourable member will have 30 minutes remaining.