

LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, 25 March, 1987.

Time — 1:30 p.m.

OPENING PRAYER by Madam Speaker.

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

MINISTERIAL STATEMENTS AND TABLING OF REPORTS

MADAM SPEAKER: The Honourable Minister of Northern Affairs.

HON. E. HARPER: Yes, I am pleased to table the Annual Report for the Communities Economic Development Fund for the year 1985-86.

MADAM SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Madam Speaker, a ministerial statement distribution.

Madam Speaker, at the last First Ministers' Meeting in Vancouver in November, I spent much time talking about fairness, and particularly the need for fair treatment for regions, provinces, and individuals who may not have as much political influence as others.

Tomorrow, Canada's First Ministers and Native leaders will meet to deal with another issue of fairness - every bit as important as those we discussed last fall - every bit as critical to Canada's future development as a united country dedicated to fulfilling its economic and its social potential - and that is the issue of Native self-government.

An agreement on self-government won't mean an overnight change in the lives of Native Canadians, but it will mean that expectations can stay high and can go higher.

It will mean that the paternalistic history of bureaucrats and administrators and their relationship with our Native people will become but a fading memory.

It can provide an opportunity for Canada's aboriginal people to regain dignity, to restore pride and to foster hope that they will enjoy the benefits of Canada.

We, in Manitoba, have a particular stake in these negotiations because, along with Saskatchewan, we have the highest percentage of Native residents of any province in Canada.

We know, first hand, how great the disparities are between the day-to-day lives of aboriginal people and the non-aboriginals within our population. The extent of those disparities is not well understood by those of us who have not experienced it on a first-hand basis.

Statistics fail to tell us the story, just as they often do elsewhere within the world community. But we will see some of the evidence - in the chronically high unemployment areas, in the truly high rates of mortality, especially infant mortality - in the disproportionately high rates of involvement with the court system, in the need for public health care, and so on.

We also see a part of the story in the income statistics, or more accurately, the poverty statistics, and the statistics on broken homes, family abuse, and the exploitation and degradation of young people.

We see the evidence in the massive influx of Native people to our cities, to our towns, particularly in the prairie regions - an influx borne of hope or promise, perhaps, but which often ends in despair and anger.

In the next two days, we will have the best chance - and possibly the last chance - of our generation to set a new course and to help equip Native Canadians with the tools to build a better life, and to control their own destiny.

On March 15, 1983, during the First Constitutional Meeting on Aboriginal Rights, I tabled a statement of principles on behalf of the Province of Manitoba which, among other things, enunciated five principles which remain at the heart of Manitoba's position today:

The rights of Canada's aboriginal people include the right to self-government.

That right should now be further developed within the context of the Constitution of Canada.

The inclusion of that right as a specifically defined right within the Constitution should not derogate the other rights enjoyed by the aboriginal people.

The Federal Government has a special relationship to Canada's aboriginal people including primary fiscal responsibility.

It is essential that sufficient fiscal resources be made available to the aboriginal people and the aboriginal institutions of self-government as may be required to provide services reasonably comparable, Madam Speaker, to those that are available to Canadians generally, taking into account the special social, the cultural, the economic needs of those people.

We are gratified to note that essentially these principles are those which now constitute the central discussion points around which, we are confident, a consensus constitutional amendment can be drafted.

Above all, it is important at this juncture to emphasize the right of Canada's aboriginal people to self-government.

It is an undeniable fact that Indian and Inuit people were self-governing prior to European settlement, and that the Metis developed institutions of self-government on the Prairies prior to the entry of the western provinces into Confederation.

The right of self-government has never been extinguished either by consent or by conquest and any event should now be articulated within the Constitution of Canada.

A constitutional amendment in Manitoba's view must include the following:

1. An explicit and free-standing statement that the aboriginal people of Canada have the right to self-government.
2. A commitment to negotiate the specific contents of the various self-government arrangements which, it is generally agreed,

must be sufficiently individualized in order to meet particular needs.

3. An unequivocal statement of the role of the principal parties, namely, the aboriginal organizations, the Federal Government, the Territorial Governments and the Provincial Governments, both in negotiations and in the constitutionalization of self-government agreements.
4. A non-derogation clause which, although necessarily stated in broad terms should not constitute a barrier to the novel arrangements which may be necessary in order to further develop the right of self-government within the Canadian Constitution in order to meet present day needs.
5. A fiscal arrangements and resourcing clause which recognizes the following principles:
 - (a) The primacy, though not the exclusivity of federal responsibility.
 - (b) The need to guarantee to Canada's aboriginal people, wherever situated, a level of services reasonably comparable to those available to other Canadians.

There is one specific issue to which I should draw the attention of the House. This is the desirability of an immediate conclusion of an agreement on treaty land entitlement. An agreement in principle on this matter has been reached and initialled by the respective parties. The Provincial Government has raised with the Prime Minister and with the Federal Minister of Indian Affairs and Northern Development the urgency of a formal resolution of this matter - a signed agreement.

The treaty land Chiefs have been willing partners to the proposed agreement. They have expressed the view that unless a speedy conclusion to the matter, by the formal signing of the agreement, is undertaken by the Federal Government, then they may not feel bound indefinitely to honour their commitment.

Should this happen, it could prove extremely costly to the people of Manitoba.

If we succeed, as we must, in establishing within the Canadian Constitution a strong framework for the development of the institutions of aboriginal self-government, we will have taken a significant step forward in our historic obligation which we can no longer put aside, namely, the obligation to restore to Canada's aboriginal people that which belongs to them morally, as well as legally, including, above all, their dignity and the ability in a complete sense, to control and to develop their own social and economic lives.

MADAM SPEAKER: The Honourable Leader of the Opposition.

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

I thank the Premier for the statement he has made in anticipation of his participation at the constitutional talks on aboriginal rights and aboriginal self-government, which he will be attending this evening and the next two days in Ottawa.

I share with the Premier the concerns that he has expressed about the history of our Native peoples in Manitoba, indeed the disparities in the lives of Native Canadians versus those of non-aboriginal background,

share with him the concern about the high unemployment rates, the lack of secure economic future that faces our Native people, the problems in health care, the poverty statistics, the broken homes, the family abuse, all of those are indeed a valid background against which we must make our decisions as to future responsibilities and future policies, with respect to working to upgrade the status and the opportunities for our Native people.

I would hope that the Premier has available for the people of Manitoba, and indeed this Legislature, a definition of the concept of this government of what is meant by self-government. Because indeed, I think, in embracing such a concept, a concept which in its principle certainly is something that many people would believe is important, to be able to work towards the objective of giving the Natives greater control over their own destiny, over their own future opportunities.

But we, in order to understand that concept, must have a better understanding of what institutions, what services that Natives will be given governance over, as a result of this definition of self-government that the government will be pursuing, that the Manitoba Government will be pursuing.

It's important that we know about the fiscal relationships because I noted within the statement that the Premier is suggesting that the Federal Government's fiscal responsibility is prime, but not exclusive, and we would want to know what is the Manitoba Government's position with respect to acceptance of some of the fiscal responsibility for what areas, for what responsibilities, for what institutions is the Provincial Government now prepared to take fiscal responsibility as a result of the position that they're putting forward.

The Premier has indicated as a specific issue, which he has put forward as an example of cooperation, consultation and accomplishment of mutual shared purpose, the agreement on Treaty Land Entitlement that has been signed or, as he indicates, initialled by the respective parties in Manitoba. I would hope that he's prepared to table that agreement so that we can have an understanding again of what the commitments are on behalf of the people of Manitoba.

Indeed the discussions, and the contributions that will be put forward in Ottawa will be of a historic nature. The valid goals and objectives of the Native people of Manitoba and Canada must, I believe, be aired and indeed worked with towards a satisfactory conclusion.

We suggest to the Premier that the information that he's put forward is good information but doesn't go far enough so that all Manitobans can have an appreciation and an understanding of just exactly what areas the Provincial Government is prepared to give responsibility to Native people to and what areas the Provincial Government is prepared to take responsibility for on behalf of the people of Manitoba.

We all desire to work towards a greater self-control of their destiny for the Native people, and we hope that this can be accomplished given the responsibilities that this Premier is undertaking on behalf of Manitobans.

MADAM SPEAKER: The Honourable Minister of Municipal Affairs.

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

Madam Speaker, what I would like to present is an overview of the October 10, 1986 board submissions regarding the establishment of IBNR for the "old book" reinsurance assumed business.

For the period from 1975 to 1984, the Corporation was involved in the assuming of the reinsurance business from outside insurance companies, with the majority - 70 percent - of this business being long tail retrocession agreements underwritten on a worldwide all-risk basis. This is referred to as the Corporation's "old book" of reinsurance assumed business.

Retrocession is the business of assuming risk from a reinsurance company as opposed to a primary insurance company. Much of the business assumed by MPIC up to 1984 has passed through numerous reinsurers with the result that the premiums were discounted for fee and brokerage charges by each handling company. As MPIC did not have retrocession treaties to pass on a portion of these risks to other reinsurance companies, the risk assumed stayed with the Corporation entirely. This resulted in situations where losses which were passed on through the various treaties far outweighed the discounted premiums.

The Board Submission reviewed three alternative methods which could have been used to calculate the incurred but not reported (IBNR) claims on the "old book" of business. This method selected is based on a Department of Insurance test for adequacy of IBNR reserves for property and casualty insurers. This method was selected due to its credibility in the insurance industry and the belief that it would be the most acceptable alternative to the external auditors. Using this method resulted in the calculation of additional IBNR requirements of approximately \$35.7 million. This provision, added to the IBNR requirements established in previous years, resulted in a total IBNR of \$42.0 million.

The submission considered further three financial alternatives for reporting the IBNR. These alternatives were as follows:

1. Set up an additional IBNR of \$35.7 million in 1985-1986 to bring the total "old book" IBNR to \$42.0 million. Each year, commencing October 31, 1986, the IBNR would be decreased by the amount of the "old book" underwriting losses.
2. Set up an additional IBNR of \$25.2 million which would be sufficient to cover potential claims for the ensuing five years. At the end of this five-year period, a further IBNR provision would be established to run off the remaining claims from the "old book".
3. Set up no additional IBNR and report the estimated \$25.2 million in underwriting losses as they occurred over the next five years.

The last two alternatives were deemed to be unacceptable to the Corporation and the external auditors as they would not have conformed with generally accepted accounting practices. Further, it was felt that Alternative Two would have required MPIC to reassess and establish additional IBNR in five years rather than reporting the total estimated requirement in a single year. Alternative Three was unacceptable to the Corporation because it would have resulted in five years of significant underwriting losses.

The Board of Directors accepted the recommendations in the report and the external auditor

has subsequently agreed to the Corporation's method of calculating and recording the IBNR on the reinsurance assumed "old book" of business.

MADAM SPEAKER: The Honourable Leader of the Opposition.

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

Madam Speaker, I can't even thank the Minister for providing us with this statement because it seems to me that this information ought to have been put forward at the committee meeting yesterday morning.

The Minister was in a position to know and understand all of this. It was available, obviously. It's in the form that it was presented to the Board of Directors back in October of 1986. There is absolutely no reason in the world why this couldn't have been presented to the committee, except that, like everything else, the Minister had to go back and get a story to be able to tell to explain all the discrepancies and the differences between what is being put forward here and what he has said over the past couple of weeks on this particular issue.

In the area of just 10 days ago, he began by saying that he was unaware of the seriousness of the reinsurance losses at MPIC. He said that just 10 days ago on the public record, Madam Speaker. He then changed that, of course, last Friday, under questioning by my colleague from Pembina, to say that he was aware of \$12 million or \$14 million of losses in October of 1984, and he said at that time that the board was aware of those losses in October of 1984.

He corrected that yesterday, Madam Speaker, to say that the board was unaware of those losses and didn't see the presentation in the fall of 1984. Madam Speaker, he is now presenting us with the October submission - a submission, I suggest to you, that he's been aware of for quite some time, he did not make public, and he did not talk about as chairman of the board. He looked for ways in which he could hide this, and he is now putting it forward as new information to try and justify all the inaccuracies, all of the conflicting statements, all of the misleading statements that he has made over the past 10 days.

Madam Speaker, I say to you that there are a number of interesting facts that are brought out by this statement.

Firstly, we now see that this presentation to the board resulted in the board deciding that they ought to come clean and present the losses of \$35.7 million publicly in their financial statements, so that the public would finally be aware of the massive losses due to the reinsurance dealings of the Manitoba Public Insurance Corporation.

But I suggest to you, Madam Speaker, had he dealt with it in the same way, in 1984, that we would have been made aware, the public would have been outraged, and the public would have saved millions of dollars because the reinsurance losses would not have grown from where they were in 1984 to where they were in 1986. But an election was in the offing, and instead, this Minister dealt with his senior staff in a way that caused them to put forward a proposal that would obfuscate, and, in fact, hide from public attention all of the information that the public should have known

at that time; massive losses, not 12, not 14, but at that time, \$24 million. That might have been the extent of it, because at that time, the board and their advisors, had the auditors been called in, might then have decided to get out of the reinsurance business.

Instead they continued, and as they continued, we lost at least another \$12 million; but, Madam Speaker, without having looked at this report thoroughly, those losses may indeed be higher than the 36 million. So they may have jeopardized the Public Insurance Corporation, not to just the extent of \$12-million additional losses in the past two years, but indeed, to a much greater extent because of the negligence and irresponsibility of this Minister responsible.

This Minister, who, in 1984, would not go to the Auditor, would not ask the Auditor whether or not his solution to cover up met generally acceptable accounting principles. He would not do that, but he has done that in October of 1986, because the board insisted on it, the board insisted on making him an honest man. I suggest to you, Madam Speaker, that this report is another in the continuing series of attempts to cover up ministerial responsibility on this whole issue.

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

The Honourable Government House Leader.

HON. J. COWAN: Madam Speaker, on a point of order. Yesterday . . .

A MEMBER: . . . point of order.

MADAM SPEAKER: The Honourable Government House Leader on a point of order.

HON. J. COWAN: Yesterday, members opposite seemed to take great offence at the fact that they felt their motives had been impugned by language that was used by myself. I, in fact, upon your advice, Madam Speaker, withdrew that language on the basis that it did in fact, in their opinion, impugn motives.

For the Leader of the Opposition to suggest that anyone had to make an honest man out of any member on this side, who are all honourable and honest gentlemen, is an imputation of motives, and I would suggest, Madam Speaker, that the Leader of the Opposition withdraw those statements, just in the same manner and for the very same reason that yesterday, when comments were made which they felt impugned motives were withdrawn on members on this side of the House.

So I would suggest, Madam Speaker, that his last statement, that the board had to make an honest man out of the Minister responsible does, in fact, impugn motives and should be ruled out of order and withdrawn.

MADAM SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: Madam Speaker, I have not impugned any motives to the Minister responsible. I have stated the facts that are on the record.

MR. D. ORCHARD: Right on.

MADAM SPEAKER: Order please. Order please.

The Honourable Minister responsible for MPIC.

HON. J. BUCKLASCHUK: Madam Speaker, on a point of order, I listened to the remarks from the Leader of the Opposition and I clearly interpreted his remarks as a reference to my character, and therefore support my Government House Leader in requesting that a withdrawal of those remarks be made at this time.

MADAM SPEAKER: May I refer honourable members to Beauchesne Citation 319(3), which clearly suggests that it is not in order for the Speaker to permit any member to impute to any member, unworthy motives for their actions, and that all members are honourable members and should be referred to as such.

Would the Honourable Leader of the Opposition please withdraw any imputations that the Honourable Minister is anything other than an honest person?

The Honourable Leader of the Opposition.

MR. G. FILMON: Madam Speaker, I have cited the record of this Minister. The record of changed information, of corrected information, of contradictory information, and I referred to the motives of the board, not to the motives of the Minister.

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please.

The Honourable Government House Leader.

HON. J. COWAN: Madam Speaker, now we see what members opposite are made out of. Madam Speaker, the Leader of the Opposition, very clearly, suggested that it was the board that had to make an honest man out of the Minister. You, on a number of occasions, Madam Speaker, have indicated in this House that references like that are unparliamentary and that the withdrawal has to be a complete and unambiguous - unequivocal withdrawal to the satisfaction of the member who was offended; and when members on that side stand up, in the way in which they have done on too many occasions in the past, and impute motives to the extent that they have, where they have absolutely no evidence, fact, or reason to do so, is a misjustice to the proceedings of this House, and it will continue no longer.

I, Madam Speaker, would suggest to you that based upon your ruling and the fact that the withdrawal has not been to the satisfaction of the Minister, or to the satisfaction of members on this side of the House, that the Leader of the Opposition be required to categorically, unequivocally, withdraw these imputations and motives.

MADAM SPEAKER: May I remind all honourable members that all honourable members of this House are honourable and honest members. I have asked the Honourable Leader of the Opposition to withdraw any imputation that the Honourable Minister is anything but an honest and honourable member in this House. I'm now instructing the Honourable Leader of the Opposition to withdraw any imputation that the Honourable Minister is anything but an honest member of this Chamber.

The Honourable Leader of the Opposition.

MR. G. FILMON: Madam Speaker, I have not, in any of the words I've used, questioned whether or not the Honourable Minister is an honourable man. Madam Speaker, I imputed motives to the board, which I think were honourable motives to the board, I might indicate, but I will withdraw any reference that you believe impugns in any way the Minister responsible and I'll let the public decide.

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

The Honourable Member for Pembina on a point of order?

MR. D. ORCHARD: Madam Speaker, on a point of order, this is my first opportunity to peruse Hansard from yesterday, and the Honourable Government House Leader, on page 515 of Hansard, has indicated that, "once again," he's referring to myself, ". . . participated in a wilful distortion of the facts."

Madam Speaker, I take offence to those words being recorded in Hansard and I want the Government House Leader to withdraw those accusations, which are totally incorrect, unparliamentary, and indeed, bring into question my motives in the House. Will you ask him to withdraw those comments, Madam Speaker?

MADAM SPEAKER: I don't have the Hansard in front of me, but it's my recollection that we dealt with that as a point . . .

SOME HONOURABLE MEMBERS: No, no!

MADAM SPEAKER: Order please. . . that we dealt with that as a point of order yesterday and I did require the Honourable Government House Leader to withdraw those remarks; that "wilfully distort," is certainly unparliamentary, and is unparliamentary, and I did ask the Honourable Government House Leader to withdraw.

The Honourable Government House Leader on the point of order.

HON. J. COWAN: Madam Speaker, you certainly did rule on that matter yesterday, but if the Member for Pembina wants the withdrawal directed particularly to him, specifically to him in those remarks referenced on Page 515, because they are incorrect and unparliamentary, in his opinion; then, in fact, I categorically and unequivocally withdraw those comments.

I believe, Madam Speaker, that all members of this House - and that was a point that was being made yesterday - that all members of this House should take great care in how they phrase their words, because there has been in fact too much said by members opposite that has been incorrect and unparliamentary, that has gone by through their statements in this House and that process is going to stop on all members of this House. It will no longer be abided by, by anyone.

MADAM SPEAKER: The honourable member does not have a point of order, in that the time to raise objections to words and language is at the time that it occurs, not a day later.

MR. D. ORCHARD: Madam Speaker, you even miss them from time to time.

MADAM SPEAKER: Order please, order please.
The Honourable Government House Leader.

HON. J. COWAN: Madam Speaker, I heard the Member for Pembina say, very clearly, to you from his seat, that Madam Speaker, and then he indicated, I believe, that you even miss them sometimes.

Madam Speaker, members opposite, the Member for Pembina, and others on the front bench, for far too long now have been directing comments to you, and I believe, notwithstanding your patience with them and notwithstanding your discipline to be able to ignore them, that that process can no longer be allowed to continue. It has continued in -(Interjection)- intimidation, whether it is subtle, intended or -(Interjection)- Madam Speaker, members opposite are yelling from their seats.

Perhaps they would care to stand, like honourable gentlemen in this House, and put those words on the record, put their comments on the record. If they have things to say, and they think they are of value to the debate and the proceedings of this House, let them have the courage to stand in their place and put those comments clearly on the record. If not, let them keep their mouths shut.

They believe, because they sit in their seats - (Interjection)- they believe because they sit in their seats . . .

A MEMBER: A point of order, Madam Speaker.

HON. J. COWAN: They believe, Madam Speaker . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please.

HON. J. COWAN: Madam Speaker, there they go again. They yell from their seats at you. If there is any evidence that is required of the way in which they . . .

MADAM SPEAKER: Order please.

HON. J. COWAN: . . . attempt to intimidate, and to subject members of this House to abuse from their seat, and that includes the Speaker, it is very clearly demonstrated by their actions throughout these entire proceedings today. That will no longer will be abided by.

MADAM SPEAKER: The Honourable Opposition House Leader on the point of order.

MR. G. MERCIER: Yes, Madam Speaker, I don't think the comments of the Government House Leader can be allowed to go on the record without any contradiction. All members of this House are aware, Madam Speaker, that comments are made from members in their seats, on this side and on that side.

All members of this House are fully aware also that when the government finds itself in a difficult position, the Government House Leader will raise matters of procedure to try to deflect attention from the more

substantive issues of the day, Madam Speaker, whether they're related to MPIC or whether they're related to the Budget, and once again, he's attempting to do that.

MADAM SPEAKER: The Honourable Government House Leader on the point of order.

HON. J. COWAN: Madam Speaker, on the point of order, I am afraid that the Opposition House Leader is again imputing motives. When I stand in this House, as Government House Leader, to bring a matter to your attention on a point of order or in response to statements made in this House, in my role as Government House Leader; I am serving - what I consider to be - my responsibility and my duty to assist in the insurance that this House is operated in the proper manners.

No longer, Madam Speaker, can we allow members opposite from their seats, to yell things, either at you or any member of this House, that would not be parliamentary if they had the courage to stand in their place and make those statements.

Madam Speaker, I assure you, and I assure the Opposition House Leader and all members of this House, that the comments that are made today and the matters which are brought to your attention today are not in any way designed to deflect attention from the very important issues before us. - (Interjection)- There they go again, Madam Speaker.

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please.

HON. J. COWAN: But, in fact, Madam Speaker, my actions are designed and I hope they have the purpose of making the work of this House more efficient, better, and more in keeping with established parliamentary traditions; so that full factual information can be provided in a reasonable way, and if the Opposition House Leader suggests that because in the past members have made comments from their seats - and I would suggest to you that the making of comments to the Speaker from their seats is a relatively new phenomenon practiced only by them in the history that I've known in this House - but if they suggest that is a practice they want to bring to this House, I will tell them and members opposite on this side will tell them, quite clearly, that we will not let that practice continue if those remarks would be unparliamentary if they were said from their feet.

SPEAKER'S RULING

MADAM SPEAKER: Order please.

May I remind honourable members of our Rule 38(2) which is, "The Speaker may permit debate on the point of order before giving a decision, but the debate must be strictly relevant to the point of order." If I could caution all members to refer to that Rule, when they're advising me on points of order.

On the point of order then, may I remind honourable members, *Beauchesne Citation 117*, "Reflections upon the character or actions of the Speaker may be punished as breaches of privilege. His actions cannot be criticized

incidentally in debate or upon any form of proceeding except by way of a substantive motion."

If honourable members have any complaints, there are ample opportunities within our rules for dealing with any legitimate complaint and I welcome members using all the rules to the best use that the rules are to be put to.

Now, if we can move on. I think I ruled on the honourable member's point of order that he should have raised it when the words were spoken.

Notices of Motion . . .

INTRODUCTION OF BILLS

HON. J. BUCKLASCHUK introduced, by leave, Bill No. 13, An Act to Amend The Municipal Assessment Act; *Loi modifiant la Loi sur l'évaluation municipale.*

ORAL QUESTIONS

MPIC - submissions to the Board

MADAM SPEAKER: The Honourable Leader of the Opposition.

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

Yesterday, in committee, we provided the Minister with a list of submissions that had been made to the board over the course of 1982 to 1986. This was as a result of our perusal of the minutes that we had been given by the Minister and those minutes, of course, all referred to various submissions that had been made to the board.

I wonder if the Minister can indicate when the members of the Opposition will receive the list of submissions to the board of MPIC.

MADAM SPEAKER: The Honourable Minister responsible for MPIC.

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

Yes, the member is quite correct. There were, in fact, I believe two requests that had been made to me, which have not yet been fulfilled; the one being the board submission for October 10, dealing with the assumed reinsurance, and that was provided earlier this afternoon; the other request was a lengthy list of board submissions. Those are presently being reviewed for corporate confidentiality. When that review has been completed, those submissions that can be made available will be provided to the Opposition; those that do involve some corporate confidentiality, I will invite the Leader of the Opposition or his representative to review them in the same way that we made a provision for the review of all the board minutes.

MR. G. FILMON: Madam Speaker, yesterday, when the Minister tabled at committee the October 1984 report that detailed 24.3 million of reinsurance claims incurred, a report that led to the decision to spread out those claims and not show them on the financial statements of the MPIC in 1984 and 1985, at that time, the Minister said that the board had never seen that presentation.

I wonder if he can indicate whether or not the board of MPIC rather had received a submission earlier, in

June or July, that detailed some 12 million or 14 million of IBNR losses.

HON. J. BUCKLASCHUK: It would indeed be easier to respond to these questions in committee when the material is before me and when senior staff from MPIC are present.

I should indicate that that particular report that was tabled in the committee yesterday, the \$24.3 million figure, although it was headed "claims incurred," it should have properly been headed "claims incurred but not reported" - that is future claims.

As I indicated in committee yesterday, the board, to the best of my knowledge, had not seen that report. That report was only prepared subsequent to September 30, 1984. The board, however, did deal with the matter of reinsurance assumed at the July 25, 1984 meeting. I believe that may well be one of the submissions that the Leader of the Opposition has requested. That will be provided as soon as we've had a chance to review whether there's any material within that report that is of a confidential nature. Even if there is, then either the Leader of the Opposition or his representative will be invited to review the entire report with the same understanding that was provided last Friday with respect to the minutes.

MR. G. FILMON: Did that report that was submitted to the board in June or July of 1984 indicate IBNR losses of \$12 million or \$14 million?

HON. J. BUCKLASCHUK: Madam Speaker, I don't have the report in front of me, and therefore I can't - I recall it being a three- or four-page submission - I do not recall any reference to a \$12 million or \$14 million figure reflecting potential claims.

Archives - signature on document

MR. G. FILMON: Madam Speaker, I wonder if I could ask the Minister responsible for the Archives whose signature was required in order to approve the shredding of those three boxes of MPIC records from the Minister's Office.

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

HON. J. WASYLYCIA-LEIS: Madam Speaker, I was so concerned about hearing the Member for Portage la Prairie suggest that the Minister for MPIC had Alzheimer's disease that I missed hearing the question. I am fed up, Madam Speaker, with the noise coming from that side of the House and the garbage coming from their mouths.

MR. G. FILMON: Madam Speaker, on a point of order, I clearly saw the Minister speaking with the Minister of Education and not at all listening to the Member for Portage la Prairie. -(Interjection)- That's right, they've all got John's disease.

SOME HONOURABLE MEMBERS: Oh, oh!

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

The honourable member does not have a point of order. A dispute over the facts is not a point of order. The Honourable Leader of the Opposition.

MR. G. FILMON: If the Minister would like to now listen to the question, Madam Speaker, I'd be happy to ask her.

SOME HONOURABLE MEMBERS: Oh, oh!

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

I can't hear.

The Honourable Minister of Education on a point of order.

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

The Leader of the Opposition has done what members on that side have been doing for the last several weeks, and that is impugning motives. My colleague, Madam Speaker, indicated to the Leader of the Opposition why she did not hear the question and, in fact, was saying to me exactly what she said to the Leader of the Opposition, and that was it's garbage from that side, and that's why we resent it.

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

The Honourable Leader of the Opposition with a question.

MR. G. FILMON: I thank the Minister for clarifying and ensuring that we know what she was doing - talking to him and not listening to the other member.

Madam Speaker, my question to the Minister responsible for the Archives is: Whose signature was required in order to approve the shredding of the three boxes of documents from the office of the Minister responsible for MPIC?

HON. J. WASYLYCIA-LEIS: I'll repeat the information provided to the House yesterday.

Records are scheduled, and in order to be scheduled, whether that be for retention in the Archives or for destruction, require the signatures of a representative from the Minister of Finance, from the Minister of Government Services, from the Attorney-General, from the Provincial Auditor, from the Provincial Archivist, and from the Minister responsible for the Archives.

MR. G. FILMON: Madam Speaker, then, did all of those officials sign the document to approve the shredding?

HON. J. WASYLYCIA-LEIS: Again the Leader of the Opposition is totally misunderstanding the issue and not listening to the facts.

I have indicated that there is a process for scheduling documents and all procedures follow along the lines of that scheduling. There are no further signatures required in terms of disposition of those records. They must be in line with processes put in place.

Madam Speaker, where we have seen the destruction of records, as I indicated yesterday, presumably is in the pre-1981 era, particularly when members opposite were in government.

Madam Speaker, I have answered the question, and while I'm on my feet . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please, order please.

The Honourable Minister of Culture and Heritage Resources has the floor.

The Honourable Minister.

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

While I'm on my feet, I would like to give a more complete answer to the question raised by the Member for Lakeside since I did not have the information at my fingertips at that time.

He asked a question about letters being sent from the Archives to outgoing members once a government is defeated. I have further investigated that issue and discovered, yes, letters are sent upon a defeat of a government to all Ministers of the Crown for deposit of records in the Archives.

In the case of 1981, a letter was sent on November 18, 1981 to all outgoing Ministers of the Crown. Madam Speaker, only six departments responded and I should mention that the Member for Lakeside's department was not on that list.

SOME HONOURABLE MEMBERS: Oh, oh!

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

The Honourable Leader of the Opposition has the floor.

Archives - records on microfiche

MADAM SPEAKER: The Honourable Leader of the Opposition.

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

The Archivist is quoted today as saying that all of the destroyed records are on microfilm. I wonder if the Minister responsible for the Archives can then order that those records that were destroyed be reproduced from their microfiche so that we can have copies of them tabled in the Legislature?

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

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

Even if those records had not been destroyed they would not be available for members opposite or for any member other than the Minister responsible by rules and regulations and procedures put in place by members opposite in 1981, which ensures that Minister's records are stored for 30 years before they can be touched, unless the Minister responsible ensures that special provisions are arrived at. So the issue has nothing to do with the availability of records on this particular issue. Files are being compiled from other sources for this particular case and no one in any circumstances should ever have access to a Minister's files unless special provisions are given.

MPIC - Minister's press conference

MADAM SPEAKER: The Honourable Member for Pembina.

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

Madam Speaker, yesterday the Minister called a press conference to be held presumably in his office. Could the Minister explain why he insisted on those reporters invited, a condition of attendance being that they use no tape recorders to tape-record any answers given at that press conference?

MADAM SPEAKER: The Honourable Minister responsible for MPIC.

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

I will confirm that there was a meeting held with members of the media yesterday afternoon solely for the purpose of a technical review of the document that was tabled in committee yesterday morning. And I'm indeed pleased that after we spent about an hour-and-a-quarter, an hour-and-a-half, going through that particular document, literally page by page, figure by figure, that a number of reporters - I would like to believe most of them - had a much better understanding of the complexity of this issue and the decisions that were involved. I would be pleased at the next committee meeting to go through virtually the same exercise with all members of the committee so that they, too, would understand because it was very clear from the remarks from the Member for Pembina, at the end of the committee hearing, there appeared to be very little understanding of the document that was made available to all members.

MR. D. ORCHARD: Madam Speaker, I don't recall the Minister answering the question as to why he insisted no tape recorders be used, but I follow your admonition that no Minister should be required to answer such a simple question.- (Interjection)- But, oh, the Minister wants to now. Fine.

HON. J. BUCKLASCHUK: Madam Speaker, I failed to answer that question because it was a technical briefing.- (Interjection)- I've said that.

MADAM SPEAKER: Order please.

HON. J. BUCKLASCHUK: I don't understand why one would be so concerned about tape recorders when one is simply walking through a document that was presented at committee yesterday morning.

MR. D. ORCHARD: Madam Speaker, was the reason the Minister refused and insisted reporters attend only if they did not tape-record the presentation, because of his concern that again a different version of the reinsurance story would come out and he and his officials would be publicly contradicted with previous statements?

MADAM SPEAKER: May I remind the honourable member that questions ought to seek information and

therefore cannot be based on a hypothesis, cannot be seeking an opinion, and may not suggest its own answer, be argumentative or make representations.

The Honourable Member for Pembina.

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

In view of the fact that this Premier has called his government an open and honest government with the people of Manitoba, can the First Minister indicate whether the precedent set by his Minister responsible for MPIC of an invited press conference, with the condition on the reporters that they do not have tape recorders running, is that the new policy of openness and honesty that this NDP Government will use in time of political crisis when they are attempting to cover up facts from the people of Manitoba?

MADAM SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Madam Speaker, what is agitating the Honourable Member for Pembina and some of the other members across the way is that due to their obsession in respect to this issue they are finding a government that has taken immediate action in order to be as open as possible. It was this government, Madam Speaker, without any urgings from honourable members across the way, that called a standing committee of this Legislature in order to obtain full and complete and open information. It was this Legislature, the members on this side, that ensured that the Provincial Auditor be called to investigate the reinsurance policies including that what took place, Madam Speaker, between 1977 and 1981 and whether there were any practices undertaken and initiated by honourable members across the way that ought not to have been undertaken. It was this government, Madam Speaker, that as well, made available to honourable members across the way at their request, minutes. I believe that is unprecedented on the part of any government and also gave honourable members the opportunity to check the totality of the minutes of Manitoba Public Insurance Corporation to ensure that no items had been improperly deleted.

Madam Speaker, I reject the sleazy suggestions on the part of honourable members across the way that this government has been any other way but as open and as forthright as possible. Let them not judge this side by themselves.

Statutory debt payments - reduction of

MADAM SPEAKER: The Honourable Member for River Heights.

MRS. S. CARSTAIRS: Thank you, Madam Speaker. My question is to the Minister of Finance and it concerns statutory debt payments.

It is obvious that this Provincial Government has saddled the public with a growing burden of annual debt and that in 1981-82 the public debt payment was \$96.9 million or 4 percent of the total Budget, and in 1988 it will be a staggering \$438.2 million or 10.4 percent of the Budget.

Given the fact that this outflow of government revenue for the payment of debt charges takes money away from important services such as health and education, would the Minister please tell us what plans he has to reduce these payments which cause such a serious drain in government resources?

MADAM SPEAKER: The Honourable Minister of Finance.

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

As the member is well aware, the reason for the interest payments on the debt of the province is a result of the actions that this government took during the very worst times of the recession to ensure that we maintained health and education services and other services for Manitobans, and at the same time that we put additional resources into the important areas of job creation. Those investments that took place during the very worst times of the recession have paid off in terms of what is happening in Manitoba today. The fact that we have been able to maintain our basic infrastructure, the fact that we have the best economic development in our province, is an indication that those policies were sound in terms of ensuring that we had the necessary resources in our province.

In terms of the future, Madam Speaker, this government has shown by this present Budget that we are looking at bringing about a reduction in the deficit and as we do that, obviously in time, the interest costs related to the debt will decrease.

Deficit discrepancy - control over

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

In last year's Budget the deficit was announced at \$489 million but the Third Quarterly Statement showed it at \$567 million. I ask the Minister what specific controls has he placed on government departments in order to prevent this discrepancy from reoccurring in the fiscal year 1987-88?

HON. E. KOSTYRA: As the member is aware and it has been explained previously, there are specific reasons for the difference in terms of the change in the projections for this year, related to some re-issuing of debt that had to be amortized all in this current year but that will provide us savings over the longer term. There were additional resources put to health and education because of the demands on those services. We expect as we work through this year to maintain the projections that were placed before the Legislature in the Budget presented last week.

MRS. S. CARSTAIRS: A final supplementary to the same Minister, Madam Speaker.

Which departments were the principal culprits who accounted for this overexpenditure of \$80 million and what new monitoring controls have been placed by the Department of Finance on those departments?

HON. E. KOSTYRA: The culprits in this instance, Madam Speaker, were the people of the Province of Manitoba who used the health care services, used the education services, that the tax dollars go to support. They are the culprits which the member refers to.

Treaty land entitlement - agreement re

MADAM SPEAKER: The Honourable Member for Arthur.

MR. J. DOWNEY: Thank you, Madam Speaker. Following on the paper that was presented by the Premier this afternoon, I have a question to the Premier, Madam Speaker.

In his statement he said there is an agreement on treaty land entitlement. An agreement in principle on this matter has been reached and initialled by the respective parties, understanding that the respective parties, one of them being the province, Madam Speaker, will the Premier table that agreement?

MADAM SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Madam Speaker, when the agreement is signed.

MR. J. DOWNEY: Madam Speaker, will there be a change in the document from the initialling and the signing? Why will he not table the initial document?

HON. H. PAWLEY: Madam Speaker, the drafts were initialled. The final agreement has not been signed. There may be some technical changes. I hope and trust, Madam Speaker, that the agreement will be signed and contain the basic elements of the draft agreement that has been initialled.

MR. J. DOWNEY: Madam Speaker, could the First Minister indicate how much land or how many acres are involved in that agreement?

MADAM SPEAKER: The Honourable Minister of Northern Affairs.

HON. E. HARPER: I should explain to the member that the agreement in principle is a fundamental agreement that we reached and has been initialled. Now, because of the time that we initialled the document, some time has elapsed and we have to take into consideration actions that have happened from that time to now. It's a matter of crossing the "t"s and dotting the "i"s, I guess.

The only outstanding part we have to reach with the Federal Government is the contribution arrangement which is a financial contribution. The agreement in principle is reached and it has been initialled, so once we have a complete package - I cannot divulge in terms of content - negotiations are going on in terms of financial contribution, but once we have that I would be able to table the document once the final package is settled.

Farmers - deficiency payments

MADAM SPEAKER: The Honourable Member for Virden.

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

Grain farmers in Manitoba are very pleased with the federal contributions to their incomes for 1987. Madam Speaker, in 1987 alone, the deficiency payments will put \$150 million into the Province of Manitoba and Western Grain Stabilization an additional \$150 million at least. This will represent one-quarter to one-third of the income of these farmers, Madam Speaker.

In recent weeks, the MACC . . .

MADAM SPEAKER: Does the honourable member have a question?

MR. G. FINDLAY: . . . farmers who are applying for an MACC loan have been told they cannot use this deficiency payment money or grain stabilization income on their cash flow projections. This is causing these farmers to have their mortgage applications turned down, Madam Speaker.

I would like to ask the Minister if he endorses that policy or did he dictate that policy?

MADAM SPEAKER: The Honourable Minister of Agriculture.

HON. B. URUSKI: Madam Speaker, I find incredible the statements of the Honourable Member for Virden that western Canadian farmers in Manitoba, farmers in particular, are pleased with the federal support to the grain industry. Madam Speaker, he is in fact selling Canadian farmers down the drain with statements such as that.

Madam Speaker, the honourable member tries to tie in the small percentage of lending that the Manitoba Agricultural Corporation does in the Province of Manitoba which is about 10 percent of the provincial total lending that the province undertakes to the entire question of loans. Madam Speaker, I want to take the specifics of his allegations, because I for one minute do not accept the kind of comments that this member makes in this House as being totally in concert with what was represented.

If in fact some members of staff are making those excuses for not approving loans, we will want to look at the specific policy and I wish the honourable member will provide me with the details of those kinds of comments so that we can look at this matter further, Madam Speaker.

MR. G. FINDLAY: Madam Speaker, I would like to ask the Minister how many farmers with MACC loans have gone before the Federal Debt Review Board?

HON. B. URUSKI: Madam Speaker, I would not know at this juncture, but certainly I'll take the question as notice.

MR. G. FINDLAY: Have you, Mr. Minister, instructed your MACC staff not to negotiate with farmers in front of the Federal Debt Review Board, not to negotiate that settlement?

HON. B. URUSKI: Madam Speaker, the honourable member should be aware that in cases where the corporation may be in a position of not continuing its financial relationship with the farm family, if management

is in fact reasonable, what we have done and what we will continue to do and what we will be providing for is the leadership for the rest of the farm community as to provide a standard lease agreement; a quick claim with a lease-back agreement so those families would not be chased off the farm but in fact left on the farm to continue farming.

I don't know what the honourable member is talking about in negotiating. The corporation, Madam Speaker, continually is in a process of negotiating with hundreds of its clients, because I want to tell my honourable friend that about 20 percent or more of the farmers that we have as clients are in arrears and the situation is difficult. Only now, Madam Speaker, it appears that members opposite see the magnitude and the concern like their Members of Parliament in Ottawa are saying, now there's a problem in Western Canada.

Yellowhead Route - federal funds

MADAM SPEAKER: The Honourable Member for Ste. Rose.

MR. G. CUMMINGS: Thank you, Madam Speaker, my question is to the Minister of Highways.

I wonder if he could inform this Legislature what the conclusion is of negotiations with the Federal Government regarding the expenditure of funds jointly, matching funds on the Yellowhead Route and what priority planning his department has in place for the use of these funds.

MADAM SPEAKER: The Honourable Minister of Highways and Transportation.

HON. J. PLOHMAN: Yes, Madam Speaker, the Federal Government had indicated after a number of years of pressure on them for federal funding for Highways, and of course they haven't indicated nearly enough, but they had indicated an interest in contributing to the Yellowhead.

They had initially agreed to apportion that. Yes, of course, Madam Speaker, 75 wasn't included in here, but I can tell the members that they had initially apportioned that on a quarter basis, one-quarter to each of the four western provinces, which would be about \$12.5 million over a three-year period.

Lately, we've heard that the Government of British Columbia is not pleased with that apportionment because they feel they have more miles of the Yellowhead in British Columbia and are asking for that share to be changed. So, we don't have that finalized at the present time. It is something that is still up in the air and therefore I can't give the Member for Ste. Rose any specific details as to how much money. Of course, we're hoping it will be a \$12.5 million matched, and of course, that isn't nearly enough in terms of the needs of Manitobans with regard to federal highway contributions, Madam Speaker.

Highways - reduction in services

MR. G. CUMMINGS: A second question, Madam Speaker, to the Minister of Highways, and I agree that we don't have nearly enough money for Highways in this province.

We had a report yesterday, the TRIP Report that states that 32 percent of the highways in this province are considered deficient by the records of our own Department of Highways. I wonder if this Minister could explain to the House how it is that the revenues from the Department of Highways have increased dramatically in the last several years, and that this year alone we will see an additional \$12 million in licence and fees to the users of our highways, an additional \$2.3 million coming out of motive fuel tax.

We have a regular ongoing income of \$115 million worth of fuel tax that is collected in this province, and at the same time, we have seen a reduction in the services and the construction in this province.

Will he explain to this Legislature how he has allowed the Department of Highways to become a revenue-bearing department?

MADAM SPEAKER: The Honourable Minister of Highways and Transportation.

HON. J. PLOHMAN: Madam Speaker, the Member for Ste. Rose has covered a lot of territory with his preamble in that question and I would need some time to deal with all of it.

The fact is that TRIP Canada is dealing with a national problem. They've also identified that in Prince Edward Island, 67 percent of the highways are deficient; in Newfoundland, 82.8 percent; in New Brunswick, 14.5 percent; in Alberta, 25.4 percent; and significant numbers in British Columbia and Ontario as well.

The fact is this is a national problem and needs to be addressed nationally, and that's what we have said, Madam Speaker.

The Federal Government takes out of this province \$117 million in gasoline taxes from the people of Manitoba and puts almost zero into this province back in the highway system.

Insofar as the Province of Manitoba, Madam Speaker, we are still generating less revenue than we are spending in the Highways Department. The budget is some \$203 million this year. A major portion of that is directly related to highways expenditures. Some is on airports; the majority of it is directly related to highways expenditures, and we do not take in as much revenue. So it is not a revenue-generating department insofar as the net results of the Highways Department in this province, Madam Speaker.

We have increased the budget this year, and it's not enough, and we are continuing to press the Federal Government because of rail line abandonment and increased pressures on our roads, because there's a need, a national responsibility.

We will continue to press for additional highways funding by the Federal Government to assist this province and other provinces to deal with these problems across the country.

Child Abuse Program - Anishinabe

MADAM SPEAKER: The Honourable Member for St. Norbert.

Order please.

The Honourable Member for St. Norbert.

MR. G. MERCIER: Thank you, Madam Speaker. I have a question for the Minister of Community Services.

How long will she allow the Anishinabe Child and Family Services to stop providing information to her department about suspected child abusers, particularly in view of the concerns expressed by people in that field that this will jeopardize the safety of children?

MADAM SPEAKER: The Honourable Minister of Community Services.

HON. M. SMITH: Madam Speaker, I am happy to have that question because I was very disturbed to receive the letter on Monday the 23rd. We called immediately to get a meeting on April 6.

We did get assurance, and this has been backed up by external evaluators who have been watching the Child Abuse Program developing at Anishinabe, that no children are at risk and in fact they are developing a very good program.

What is at question is the reporting obligation. We expect we will be able to resolve it at the meeting, Madam Speaker. The issue is somewhat complicated by the fact they are funded federally, and there seems to be a federal opinion sitting in there complicating matters, but our bottom line expectation is that they will comply with the reporting requirement.

MR. G. MERCIER: Madam Speaker, I take it from the Minister's comments that she is assuring members of this House that no child or children will be put at risk by her delay in requiring this information to be tabled.

I would ask the Minister, Madam Speaker, in view of the Premier's announcement about Native self-government, how her authority would be affected over the Anishinabe Child and Family Services, over the Awasis Family Services, by introduction of that policy into the Constitution. Would the law-making authority of the province and regulatory role be diminished?

HON. M. SMITH: Madam Speaker, that is one of the items that would have to be resolved.

Not all the Native agencies or groupings take exactly the same attitude to the provincial role, but we have said consistently that the provincial law is the dominant law unless it is negotiated by the Federal Government and the Native agencies and ourselves in a constitutional process. In other words, the provincial jurisdiction prevails until or unless there is a negotiated change.

As I say, not all the Native agencies take the same view of that, but they did not get their mandate unless they were prepared to recognize, until such a resolution occurs, that the provincial jurisdiction prevails.

Child Abuse Review Committee Report - payment for

MR. G. MERCIER: Madam Speaker, one final question to the Minister.

She has indicated to me, Madam Speaker, that she has received the report from Doctor Sigurdson and Professor Reid with respect to child abuse as of this past Monday.

I would ask her, on behalf of the taxpayers of Manitoba, who paid for that report: Would she table that report in the Legislature today?

HON. M. SMITH: Madam Speaker, I had delivered to me the first copy that I've seen this morning. I had

indicated to the member opposite that we would like to have a couple of weeks to review the report and we will then table it in full. So shortly after the break, we will be tabling it.

The Manitoba Labour Relations Act - legislation re

MADAM SPEAKER: The Honourable Member for Brandon West.

MR. J. McCRAE: Madam Speaker, my question is directed to the Minister of Labour.

At its 1986 Annual Convention, the Union of Manitoba Municipalities passed a resolution expressing concern that municipal councils are prohibited from contacting their employees and they're prohibited from contacting their constituents at a time when union organization activities were taking place.

The response of the government to that resolution, Madam Speaker, was as follows:

"If your association is still concerned with this issue, we suggest you make representation to the Legislature the next time there are public representations in regard to amendments to The Manitoba Labour Relations Act."

My question to the Minister of Labour is: Will the Union of Manitoba Municipalities have that opportunity in this Session? Will the Minister be bringing forward legislation dealing with The Manitoba Labour Relations Act?

MADAM SPEAKER: The Honourable Minister of Labour.

HON. A. MACKLING: Madam Speaker, this government does much better than that. We meet with organizations such as the union. We had a meeting in the last two weeks, and we discussed that very issue and pointed out to them that it's not only the law of Manitoba, it's the law of the land, generally, that where, in a free society like Canada, there is authorized collective bargaining, then through the jurisprudence, as has been laid down by the courts, and by the policy decisions of governments, not only New Democratic Party Governments but Conservative Governments and Liberal Governments in other provinces, there has been the development of legislation to protect free collective bargaining to ensure that no employers interfere with that process. We've honoured that law and it is good law.

MLA's - intimidation of

MR. J. McCRAE: A new question, Madam Speaker.

The Minister speaks about our society being a free one, and I'm going to ask him about how free our society is when our labour law allows intimidation of members of the Legislative Assembly, such as the Member for Turtle Mountain, intimidation by union leaders respecting union activities in the rural municipality of Lorne.

Madam Speaker, the rural municipality of Oakland is now subject to union organization, and I am going to ask the Minister: Will the rural councillors, will the local MLA be allowed to speak to the workers in that

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area and to the constituents in that area about what will happen to them should there be a union organized in that area? Are those people allowed to speak freely?

MADAM SPEAKER: Order please.
The Honourable Minister of Labour.

HON. A. MACKLING: Madam Speaker, I'll only speak when I can hear an echo of my voice; all I can hear is babble from the other side.

MADAM SPEAKER: Order please.
The Honourable Minister of Labour.

HON. A. MACKLING: Madam Speaker, if the Honourable Member for Brandon West has some particulars of information that he would like to bring to my attention, I'd certainly be glad to look into them. If he's suggesting that a member of this House has been involved in some interference in free collective bargaining, I'd be interested in knowing that too.

MR. J. McCRAE: Madam Speaker, my last question is a new question to the Attorney-General or whoever answers for him in his place.
Madam Speaker, the Minister of Labour need only look at my comments in the debate the other night which . . .

MADAM SPEAKER: Does the honourable member have a question?

MR. J. McCRAE: Yes, Madam Speaker, I have a question. That's why I'm on my feet.

MADAM SPEAKER: Put it, please.

MR. J. McCRAE: I was recognized to ask a question and that's what I'm doing, Madam Speaker.

MADAM SPEAKER: Great.

MR. J. McCRAE: Madam Speaker, the Minister of Labour, I regret was unable to hear my voice the other night, but I did hope that he would read Hansard to get details of the situation that I'm talking about whereby the Honourable Member for Turtle Mountain was threatened and intimidated by a union leader with the suggestion that he was interfering with their rights, illegally interfering.

It's strange to me, Madam Speaker, that when one . . .

MADAM SPEAKER: Order please.

MR. J. McCRAE: . . . exercises his rights . . .

MADAM SPEAKER: Order please.

I recognized the Honourable Member for Brandon West to ask a question, not to debate or to make a speech.

The Honourable Member for Brandon West.

MR. J. McCRAE: My question to whomever it is answers for the Attorney-General, Madam Speaker, is:

Will the Attorney-General sit idly by and allow the elected representatives of this Province to be stifled by The Manitoba Labour Relations Act?

MADAM SPEAKER: The Honourable Minister of Labour.

HON. A. MACKLING: Madam Speaker, as Acting Attorney-General, I would like to indicate to the honourable member that if indeed we determined that a Member of the Legislative Assembly has been interfering with the rights of workers in free collective bargaining, then of course no one is above the law and they'll be dealt with in accordance with the law.

MADAM SPEAKER: The time for Oral Questions has expired.

HOUSE BUSINESS

MADAM SPEAKER: The Honourable Government House Leader.

HON. J. COWAN: Madam Speaker, yesterday the Opposition House Leader and I had a discussion following question period in regard to the timing of another committee of the Standing Committee on Public Utilities and Natural Resources.

You'll recall, Madam Speaker, that yesterday we said that we would have preferred to have the committee meet last night, but the Opposition House Leader had some concerns that if Hansard would not be available to them previous to that committee meeting, they did not want to meet last night, and if Hansard would not be available to them today they would not want to meet until after the spring break.

It's my understanding after having discussions with yourself and the Clerk in respect to when Hansard would be available, that Hansard will be available this afternoon, so it would be my intention based upon the availability of Hansard to call the Standing Committee on Public Utilities and Natural Resources to meet to consider the Manitoba Public Insurance Corporation's Annual Report tomorrow Thursday, March 26 at 10:00 a.m. in Room 255.

MADAM SPEAKER: The Honourable Opposition House Leader.

MR. G. MERCIER: Madam Speaker, let the record be clear that the Government House Leader a few moments ago came over to this side of the House and said that Hansard would not be available until tonight. I said to him that was unsatisfactory. That does not give us sufficient opportunity to review Hansard and, on that basis, I would not agree to the calling of the committee tomorrow.

HON. J. COWAN: Madam Speaker, it's my understanding that Hansard will be available late this afternoon. I told the Honourable Opposition House Leader that Hansard would be available some time during the sitting today. Those were my words to him. In fact, it will be available some time during the sitting today.

When we had a previous experience with the MTX hearings, where we had to provide Hansard to the members opposite, we provided it to them in a timely fashion, making special arrangements that were made in this instance and in that circumstance the time allowed for the review of Hansard was sufficient to allow the committee to meet.

I'm only basing my calling of the committee - and let it be very clear that it is the Government House Leader's responsibility to call the committee, and no other's responsibility. I'd like to do it in cooperation with the Opposition House Leader to the extent possible; we've been able to do that most times in the past.

There are occasions when we have not been able to do that, but it is my intention at this time given that the Hansards will be ready during the course of the sitting today, and that was what was requested yesterday, to have the Standing Committee on Public Utilities and Natural Resources meet tomorrow at 10:00 a.m. to discuss the report of the Manitoba Public Insurance Corporation.

If the Opposition House Leader is telling me he wishes to discuss that further with me at this time - and he has indicated some displeasure with that - I don't know why they would be displeased with an early meeting of the committee. I would think that they would want an early meeting of the committee, but I would be prepared to discuss with him his concerns. It my intention, in any event, to have the Standing Committee meet tomorrow.

MR. G. MERCIER: Madam Speaker, the Government House Leader stood on his feet a few days ago and said they want to call this committee quickly, which they did on Tuesday because they want to have full information and full public discussion of this matter.

Let the record be clear: we do not have documents that we requested. We requested as a minimum the Hansard - and it is important that Hansard be available early on in this day so that the members of the committee have a full opportunity to peruse Hansard and the answers and questions that were given yesterday morning.

I can appreciate that the Government House Leader wishes to perhaps expedite and perhaps even ram the committee meetings through, Madam Speaker, and try to get them over and out of the way, but we want to have the fullest opportunity to review all of the information and material. We're simply asking that Hansard be available and I would suggest if it's not available by 4:00 p.m. or 4:30 p.m. this afternoon, that the meeting should be deferred until the week after next.

HON. J. COWAN: Madam Speaker, let the Opposition House Leader be clear and all members of the House be clear, yesterday in the dialogue that took place, I very clearly asked the Opposition House Leader what he required in order to call the meeting today. I asked him if he needed the documentation which had been requested. Madam Speaker, I asked him, I said in my words on Page 521 in the Hansard were: "Madam Speaker, I've not had an opportunity to review all the requests for the documents, but I would ask the

Opposition House Leader, is he suggesting that all those documents should be available before the committee next meets?"

The Opposition House Leader's answer was: "Madam Speaker, if the Government House Leader could indicate Hansard will be available tomorrow, we would suggest the committee meet again Thursday morning."

I then asked him again, Madam Speaker, indicating that the production of Hansard is not in my hands - so I couldn't indicate yes or no but I would check. I said: "I do still have a question. The question is: Because the Opposition House Leader suggests that one of the reasons they don't want to meet is because they don't have the documents they requested, is he suggesting that we not meet until those documents are available?"

The answer very clearly was: "Madam Speaker" - the Opposition House Leader speaking - "I'm suggesting to the House Leader that we're prepared to meet on Thursday morning if Hansard is available tomorrow."

Again, the question was asked. In this instance, I think the Opposition House Leader was perhaps getting somewhat frustrated with the questioning, but his answer was, "Madam Speaker, my answer to the Government House Leader is very simple" - and I take him at his word - "If Hansard is available tomorrow, we're prepared to have the committee meet on Thursday morning. If it's not going to be available and the other documents that have been requested are not available, perhaps the next meeting should be on the first Tuesday morning when the House convenes after the spring break."

The Hansard will be available. I can give an assurance to the Opposition House Leader that we will forward to him all the Hansard that is available at four o'clock, and I am informed that most of it will be available by that time, in draft form and then we can forward to him the other pieces as they come off of the word processor, so that they can at least start to go through them at four o'clock.

If the Opposition House Leader agrees to that process, then I would suggest that we once again have been able to work out in a cooperative fashion the scheduling of the committee, but I would seek his agreement.

MR. G. MERCIER: Madam Speaker, I would suggest that if Hansard is available at four o'clock as is described, a meeting tomorrow is satisfactory. That commitment was not there when the Government House Leader first stood up and unilaterally announced the meeting.

HON. J. COWAN: Madam Speaker, just so we are clear, what I'm suggesting is that the majority of the Hansard will be available at 4:00 p.m. or 4:30 p.m.

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please.

The Honourable Government House Leader.

HON. J. COWAN: Madam Speaker, we are trying to expedite the business of the committee.

Madam Speaker, it seems to me they are the ones who are afraid to go to the committee meeting and that seems somewhat strange. However, the Opposition House Leader suggested that perhaps the objective here is to get the committee meetings over or out of the way; another suggested "ram it through."

I can assure the members opposite that if they do not wish to pass the report tomorrow there will be no move or suggestion on the part of members of the committee from this side that the report should be passed. We are not trying to confine the committee meeting to tomorrow morning. We are trying to expedite the free flow of factual information in a complete way.

I have indicated to the Opposition House Leader that the Hansard - what portion of the Hansard is available - will be forwarded to them at four o'clock. I assume that it will be most of the Hansard at that time, and that which is remaining will be forwarded to him as it comes off the word processor. I'm asking him if that is acceptable to them so that we can have the meeting meet tomorrow morning.

NON-POLITICAL STATEMENT

MADAM SPEAKER: The Honourable Member for Lac du Bonnet.

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

May I have leave of the House to make a short non-political statement?

MADAM SPEAKER: Does the honourable member have leave? (Agreed)

The Honourable Member for Lac du Bonnet.

MR. C. BAKER: Madam Speaker, recently a team of oldtimers, called the Sagkeeng Oldtimers, from the Fort Alexander Reserve attended an international oldtimers hockey tournament at Montreal, Quebec. They won five games, including the semi-final one against Norway and a final against Finland.

I'm sure all of the House would like to join me in congratulating the Sagkeeng Oldtimers.

COMMITTEE CHANGES

MADAM SPEAKER: The Honourable Member for Kildonan.

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

I move, seconded by the Honourable Member for Elmwood, that the composition of the Standing Committee on Public Utilities and Natural Resources, H. Smith (Ellice) replacing G. Doer; B. Uruski replacing R. Penner; L. Harapiak (Swan River) replacing H. Harapiak (The Pas).

HANSARD CLARIFICATION

MADAM SPEAKER: The Honourable Member for Springfield.

MR. G. ROCH: On Monday, March 9, 1987, No. 8A, on page 217, line 7; "oil" should read "road."

On Monday, March 23, 1987, No. 17A, on page 482, line 36; "our" should read "a."

On page 483, line 21, 4.5 should read 4.25.

Thank you.

ORDERS OF THE DAY

BUDGET DEBATE

MADAM SPEAKER: On the adjourned debate of the Honourable Minister of Finance and the proposed amendment thereto of the Honourable Leader of the Opposition, standing in the name of the Honourable First Minister.

The Honourable First Minister.

HON. H. PAWLEY: Madam Speaker, I regret that due to commitments I have this evening, and also of course the Minister of Finance who will be speaking later on this afternoon, that I will have to limit the remarks since I was only a small way through my speech last night. So what I have to do regrettably, Madam Speaker, is to summarize the remarks that I was going to make this afternoon in a shorter version and hope that it will assist honourable members across the way in coming to a fuller appreciation as to the direction of this government and the aspirations of Manitobans in general insofar as realizing their objectives as a provincial community and the priorities that are there.

Madam Speaker, we dealt yesterday with the many, many demands that have arisen across the way. We have not had an opportunity, as I indicated, to tally the total amount of those demands urgently presented to us day by day by honourable members in the Opposition; but I'm sure when we have that opportunity it will certainly be enlightening as to the extent of the duplicity on the part of Conservative members in this Chamber.

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

They know not what they represent; they speak on Tuesday for increased spending and enormous magnitude; and on Wednesday, Mr. Deputy Speaker, they demand a reduction in the deficit and reduced taxes. They are in fact obviously a leaderless, visionless, policyless Opposition which I think typifies, regrettably I must say, because more and more Canadians do regret this, a bankruptcy of attitude and of policy development on the part of what has historically been one of the major parties in the Canadian political scene.

Madam Speaker - I'm sorry, Mr. Deputy Speaker - I don't have my glasses on. The Honourable Member for Gladstone has offered me hers.

First, I do want to though deal briefly, because I know the Minister of Finance will deal at some length in regard to the taxation changes; 70 percent of Manitobans are in the category of earning less than \$35,000.00. Although some of those in the capacity of earning \$35,000 and less will pay more as a result of this Budget - and we've always said that - in order to ensure that basic social, vital services are provided. Yet, Mr. Deputy Speaker, this Budget is progressive, to the extent that those who make the larger sums of money will now be contributing more than they did in a progressive fashion.

I was somewhat puzzled by that professional body, non-political body, the Manitoba Institute of Chartered

Accountants, and the reaction that we received from right and left and centre from members of that professional organization, who were offering political advice, that what we should be doing is cuts, undefined cuts, decrying of different taxation changes. I wonder if they could for a moment, Mr. Deputy Speaker, in their realm of objective professional characters - indeed that organization is - provide us any advice as to whether they have offered at any time any recommendations to the Federal Liberal Government prior to 1984 or the present Conservative Government in Ottawa, whether they have taken issue with the major tax breaks in this country that mean that the less well-off carry a heavier burden than they ought to of taxation.

Mr. Deputy Speaker, the Minister of Finance indicated clearly in his Budget that those in the categories of \$75,000, \$100,000, \$150,000 by way of salary have in fact enjoyed breaks as a result of the Wilson budget in the last two years, where ordinary Canadians are paying larger and larger shares of taxation that ought to be borne by those in the \$75,000-\$150,000 bracket.

When I hear the Institute of Chartered Accountants, and chartered accountants in the province, suddenly becoming the spokesperson for the average Manitoban, I can't help but wonder the reason for their muteness when it comes to the federal budget. I must say, Mr. Deputy Speaker, that the comments by a chartered accountant by the name of Glen Lillies - and I admit I don't know Mr. Lillies; maybe honourable members across the way know of him, who provided an exclusive analysis to the Winnipeg Free Press - whether or not he has supplied his criticism of the very tax breaks that he described so very, very vividly in the article for the wealthy, that are not provincial tax breaks introduced by this New Democratic Minister of Finance, but rather are tax breaks resulting directly from the introduction of tax breaks from the well-off by former Ministers of Finance, both Liberal and Conservative, in Ottawa. Has he sent such submissions to Ottawa? I suspect not, Mr. Deputy Speaker.

What we will be dealing with during the course of the next while is using every opportunity to ensure that there is a balanced and fair presentation of the philosophy of this Budget. The Toronto Globe and Mail and of course we wouldn't read such an editorial, I'm sure, here in the Winnipeg Free Press or Winnipeg Sun about the Budget - but I must say that I was pleased with the commentary in the Toronto Globe and Mail, and not a New Democratic paper, by the way, I say to the Honourable Member for La Verendrye, who is looking at me somewhat puzzled, but a Conservative newspaper - a Conservative newspaper, I believe, in the best historical sense.

I would like to read, Mr. Deputy Speaker, from the Globe and Mail article just last week. "This week's Manitoba Budget also demonstrates political entrepreneurship by jumping out ahead of the federal Tories." I could have told the Globe and Mail that's not really much of a problem, however. I don't know why they're surprised by that in tax reform. "There is unfairness," says the Globe and Mail, "in the federal system because of the proliferation of exemptions and credits," said Manitoba Finance Minister Eugene Kostyra. So Manitoba imposed a 2-percent flat tax on net income, including capital gains and added surtax to large corporations." Then the Globe and Mail article

continues, "When Federal Finance Minister, Michael Wilson, unveils his White Paper on Tax Reform this spring, Manitoba and the federal New Democrats want to be well placed to claim any credibility it may be due." So there you have it, Mr. Deputy Speaker.

I had wanted to spend some time dealing with the agricultural situation, but I know that my Minister of Agriculture will outline in detail, during the proceedings of this Session, the initiatives that have been undertaken by this government pertaining to the agricultural situation, including those items specified in the Budget introduced last week by the Minister of Finance.

I had wanted as well to deal with the scare tactics that are used by honourable members across the way, and I must say, not to his credit, the Honourable Member of Parliament for St. Boniface, they talk about feebashing, Mr. Deputy Speaker. It seems to me there's quite an element of provincial bashing that takes place from time to time, particularly by the Honourable Member for St. Boniface, Mr. Duguay, I believe, who's been waiting some time for a federal Cabinet post.

Mr. Deputy Speaker, I found his comments not to be helpful and not constructive or positive insofar as a Manitoban wishing to attract industry to the Province of Manitoba, to dump on the people of the Province of Manitoba in the way that he did.

Mr. Deputy Speaker, just in concluding my remarks, I felt that it would be - yes, because the Minister of Finance needs considerable time to elaborate and ensure that you receive a very complete and full presentation prior to the vote this evening.

Now, Mr. Deputy Speaker, one other item I do feel that is worthy of comment. Because I was somewhat annoyed, and I thought there would be some motions of him, emergency motions possibly, from even members across the way.

As a result of comments by the Energy Minister in the Province of Alberta today in the paper, Conservative Alberta, protesting the fact that the government of the Province of Manitoba was intervening on behalf of the consumers of the Province of Manitoba to ensure that the consumers of the Province of Manitoba would receive fair gas taxes, the Minister of Energy in the Province of Alberta says: "This is not what was intended by deregulation; deregulation was intended to benefit the producers of Alberta."

Well, Mr. Deputy Speaker, I have just a few short words that I wish to address to the Minister of Energy in the Province of Alberta, to the people of the Province of Manitoba and to this New Democratic Party Government, and I would hope I would be speaking on behalf of all 57 members in this House. Deregulation of the natural gas industry doesn't mean privileges for the few, doesn't mean privileges only for the producers; it is intended to ensure equity and fairness for the consumers of Canada, including the consumers of the Province of Manitoba.

But I believe that those remarks by the Minister of Energy in the Province of Alberta disclosed a rather interesting motive, regrettably on the part of that Minister. He had overlooked the true reason for deregulation. It may very well be - and I want to take my cap off here to the Federal Government - that the deregulation may turn out to be a good thing for the consumers of the Province of Manitoba. But what we insist, Mr. Deputy Speaker, that the rules not be changed

now, or altered, or tinkered with, just because there's a concern that it might work to the interests and the betterment of the consumers, rather than a few producers in the Province of Alberta.

Mr. Deputy Speaker, again, I commit ourselves to ensure that the consumers of this province will not be unnecessarily ripped off to the extent of \$50 million a year, as a result of untoward price demands on the part of Inter-City Gas.

In summation, I say to the honourable members across the way, this is a Budget that you can vote for with your heads high. This is a forthright Budget; it is a progressive Budget; it is a Budget that is orientated towards serving the real needs of people, rather than special interests, the strong, the powerful. It is a Budget with a vision; it is a Budget which expresses confidence in the Province of Manitoba; it is a responsible Budget for the year 1987. I believe and I don't reflect on any previous Budgets over the last 20-25 years, that this is certainly one, if not the most courageous and fairest and forthright budget introduced in the legislative Chamber of the Province of Manitoba.

A MEMBER: One of the most greatest.

HON. H. PAWLEY: I might just say, by way of summation to the Honourable Member for Morris, it's looking better every day. We had the British Columbia Budget, big hikes insofar as medical user fees. We see disproportionate increases in income tax for the poor in the Province of British Columbia. Then the Alberta Budget came down last Thursday - a 27-percent increase in Medicare premiums; payroll tax in the Province of Alberta, a 27-percent increase; health insurance premiums in the Province of Alberta.

The honourable members haven't got up in this Chamber yet to explain the 27-percent hike in payroll taxes, health insurance premiums taxed directly to the Alberta residents and how that happened.

Wegot rid of that tax way back in 1969-1970 because, Mr. Deputy Speaker, this is a government that believes in progressive taxation. If we want to follow the philosophy of the dinosaur represented by some honourable members across the way, there's a simple way we could have the lowest income tax. There's a simple way we could have the lowest sales tax. There's a simple way by which we could eliminate the lowest gasoline tax. All we do is charge each individual a poll tax, \$4,300 each Manitoban. It would cover the total cost of expenditure of government. We wouldn't have any income tax. We'd have no income tax at all, no sales tax - one straight poll tax.

I'll say that by way of description to the Honourable Member for Morris: They need to ensure equity and fairness within a tax regime.

We still have, Mr. Deputy Speaker, a long distance to travel because there are major tax breaks within the overall tax system that only the Federal Government can eliminate. These tax flows - what do you call them? - tax flows that Mr. Lillies referred to in his paper, that's a federal tax break, not a provincial tax break. Let's get rid of it. Let's get rid of a lot of those other major tax breaks so we can have a fair and decent tax system that ensures that we all pay according to our ability, and those of us that earn more, Mr. Deputy Speaker,

contribute more, as we ought to morally and every other way, towards the taxation system.

Thank you.

MR. DEPUTY SPEAKER: The Honourable Member for Niakwa.

MR. A. KOVNATS: Thank you very much, Mr. Deputy Speaker.

It appears that both sides of the House have saved the "Big Guns" to the very last.

I heard the First Minister make some remarks concerning the Budget vote, for everybody to vote for this Budget and hold their heads high. I think the First Minister is in for an awful shock.

I will not be intimidated, Mr. Deputy Speaker. The Government House Leader made some remarks that we on this side did not have the courage to stand in our place and to speak our minds. Well, you're going to get at least one, and possibly more, that will stand in their place and speak their minds.

Mr. Deputy Speaker, it's an exciting day in the Manitoba Legislature because I think for the very, very first time that rather than government members supporting the Budget vote, they will be supporting the amendment by the Leader of the Opposition.

They will have their problems, Mr. Deputy Speaker, inasmuch as there are many truths, facts and policy that have been stated by the Leader of the Opposition that just will not allow anybody with any moral strength to vote against the amendment.

The amendment, and I would just like to make reference to it, Mr. Deputy Speaker, where the motion of the amendment was: "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." A fact, Mr. Deputy Speaker, a fact - cannot be voted against. Anybody with any moral strength has to support at least No. 1 of the amendment.

No. 2 of the amendment: The government has "Introduced new taxes and cost increases which will destroy our ability to attract investment and job creation." A true fact, Mr. Deputy Speaker. Anybody with any moral strength will not be able to vote against No. 2.

Mr. Deputy Speaker, No. 3: "By refusing to introduce any efficiency or improved management has again increased expenditures at double the expected rate of inflation this year." A fact, Mr. Deputy Speaker. Anybody with any moral strength could not vote against No. 3.

And, No. 4, Mr. Deputy Speaker: "Has committed Manitobans to ever-increasing tax burdens in future as a result of its incompetence and fiscal mismanagement." Mr. Deputy Speaker, a fact, and anybody with any moral strength cannot vote against.

So I think it is an exciting day, Mr. Deputy Speaker. There's going to be - and I don't want to make reference to anyone in particular - but I know that there are some backbenchers that will be supporting - at least I believe that there's some backbenchers that will be supporting the motion on that side of the Leader of the Opposition so that they can walk with their heads tall.

Up until just a few minutes ago, I thought that the First Minister might be supporting the amendment, but in listening very, very carefully, Mr. Deputy Speaker, I

have my doubts at this point. I thought that he might have embarrassed his Finance Minister, but I guess we'll have to just wait and see.

Mr. Deputy Speaker, it's the first opportunity I've had to speak on either the Throne Speech or the Budget. I would like to just advise that I welcome the opportunity to speak on the Budget. As I didn't speak on the Throne Speech, I know that the rules permit me to have double the allocated time that normally somebody has, so I'll just carry on and it will allow me to make all of the statements that I wanted to make.

I wanted to congratulate the Speaker of the Assembly who is just out for I guess a rest. I know that the job is very, very difficult on occasions for the Speaker and for the Deputy Speaker, but with the assistance of all the members of the House, Mr. Deputy Speaker, and Mr. Beauchesne, I am sure that we can carry on in a manner that will not take away from the dignity of this Chamber.

I would advise at this point that I'm not going to do anything to irritate the Member for Roblin-Russell, because when he gets mad, I would rather that he was my friend than my enemy. After listening to him yesterday when he was speaking on the Budget, I'm glad that he's my friend and I wouldn't want to irritate him as this Budget has irritated him.

I would like to also take this opportunity to just say a little special thank you to Pearl McGonigal and her husband, Marv, for serving this province in Pearl's capacity as the Lieutenant-Governor. What a wonderful team - and Pearl's support staff - a job well done. Where do you go after serving in this high office? I wish her well and good luck in the future.

Our new Lieutenant-Governor, Dr. George Johnson, is a unique person. He has contributed in so many different ways to the honour of Manitoba that time would not allow me to list them all, but I must mention one specific instance.

I had a wonderful - and I say I had - a wonderful constituent in the name of Olive Madsen. Olive had some kidney problems.

I had invited Olive to come down to the Legislature for lunch one day. George had some contact with her family, he had been the family doctor many years before, and he took time out of his busy schedule just to come and have lunch with us and give Olive some words of encouragement because she had just gone through a kidney transplant and she really did require and need some words of encouragement. She walked out after lunch and she was just so pleased that Dr. Johnson had taken this time out of his busy schedule just to speak with her and have lunch with us.

Olive is no longer with us, but I know that when she departed this world, she was most pleased with our new Lieutenant-Governor who was the Deputy Minister of the Department of Health at the time and a gentleman.

I wish Dr. Johnson well in the future.

I am also most pleased with the Page who's just standing up at the door. His name is Daniel Boyko. I go back a long ways with Daniel Boyko. Well, I'm not sure about the school and I have no idea on how he was chosen to be here, but I can tell you something about his background. His Uncle Dan, who he is named after, was my brother-in-law. Dan is no longer with us, also, but a fine person and a great heritage for Daniel

Boyko, our Daniel Boyko, to follow. I wish Daniel Boyko much success in his job as a Page in this Legislature, and I hope somewhere in the future that Daniel will take his place in society and possibly even learn something here in the Legislature and become a member and contribute to the society in which we live.

I should have been keeping track of the time because I think that there might be some correction. Have I spoken about five minutes, Mr. Deputy Speaker? About five minutes? I shouldn't ask questions, because I find out that if I ask questions nobody is listening.

Just before we get into the Budget, I have some remarks for the Minister of Finance, and it all is encompassed in the Budget, concerning some discussions and some questions that I asked of the Minister of Urban Affairs concerning a group of people in my constituency in south St. Vital who are looking for some tax relief for large lot owners and suburban properties in the form of a special tax, a special levy, a special category, Mr. Deputy Speaker. The Minister of Urban Affairs has rejected the request and I have no idea why, but if he wants to use some political motives, and I think that maybe . . .

A MEMBER: Aren't you supposed to listen to city council? You tell us to.

MR. A. KOVNATS: Well, I'm asking you to listen to me and the people that have requested it, but I think for political purposes, and maybe for no other reason but political purposes, I would strongly recommend that this government at least give them some consideration. They're not asking for something that's out of the question. Their requests are legitimate, Mr. Deputy Speaker. They do not have the same services, and if you listen and you do allow them this special category - maybe I'm speaking against my own political background because a lot of these people are my friends - but I wouldn't mind if they said thank you to the New Democratic Party Government for changing their mind and allowing this special category and maybe a few votes go towards whoever is going to run against me in the next election. I welcome the opportunity, Mr. Deputy Speaker.

Why should these owners not be given the opportunity of a special assessment? It was their choice to move out to these locations in the rural area so that they could have larger land holdings. We have others who have lived there for many, many years. They moved there when they just happened to be there, and if we are going to increase the assessment and ultimately the taxes on some of these locations, we've got some elderly senior citizens and I don't think you can just break it down just for the senior citizens, but they should be given the consideration that they have coming to them. These are the founders of our country. These are the ones who have done so much to make Manitoba a place we want to live in. This government on the other side is doing everything they can to make Manitoba a place that we don't want to live in.

SOME HONOURABLE MEMBERS: Oh, oh!

MR. A. KOVNATS: I just wonder whether it's gas pains that are causing that "oh-h," but I guess not.

Well, you know what? The honourable Minister has just made some remarks, Mr. Deputy Speaker. I am his MLA and he does live in my constituency when he is not in his own constituency in The Pas, and to this day, I don't know how he voted in the last provincial election. It's freedom of choice on how you vote, Mr. Deputy Speaker, and that is all that I'm asking for these people in south St. Vital that because they've had the freedom of choice to move into that area, not to be penalized for that choice.

These people do not have any of the amenities, or very few of the amenities, that we have in the City of Winnipeg. The concept of them being wealthy land barons is absolutely false. They are just average everyday people who love the fresh air and the ability to move around on their own properties.

The spokesman for the group had stated that the city taxes should be seen to be fair and should be equitable with respect to the services that they receive. I'm going to speak on the services that they receive, Mr. Deputy Speaker - rather than speak on the services they receive, let me speak on the services they don't receive.

They don't have city water and hydrants for fire protection, and this, a bit of a repetition to the Minister of Urban Affairs, but I want the Minister of Finance to hear about it and some of the other Ministers who assist this Minister in making a choice. They don't have sewers. They don't have transit service. They don't have paved streets and sidewalks. They don't have flood protection because they are outside the flood protection zone. They don't have the same benefits from the capital expenditure from the City Budget. They don't have parks and community club buildings. They don't have limited - well, they do have limited street lights, and a very low level of mosquito larviciding and very low level of mosquito fogging. I guess that would please the Minister of Environment and Workplace Safety and Health because of his strong feelings against mosquito control.

There are further restrictions in living out there, but it is their choice. It's a freedom of choice that I want them to have. Further restrictions - there's no insurance on their basement because of the possible flooding. There's no fire insurance. It's much higher, the fire insurance, because they don't have the fire hydrant service. The response time for the fire and ambulance is much longer than it is in the city. Police protection is limited. There's no cable TV. There's no Meals on Wheels, things that we just take for granted when we live in the city. These are people that are asked to pay higher taxes than the people who are receiving these benefits.

Mr. Deputy Speaker, I don't want to prolong it inasmuch as this bill will be coming to committee before too long, I would suggest, and presentations will be made by these people not only in my area, but people from Headingley, River East, I believe, and St. Boniface will be making presentations to this Minister and to the committee. I hope that they will be given a fair hearing and then the bill will probably go through. If they are given a fair hearing, there could be some political votes that go your way or go the way of the New Democrats. I won't be unhappy about that, Mr. Deputy Speaker, because I think that something fair would have been done.

Mr. Deputy Speaker, in the last election, the motto of the NDP was "Stand Up for Manitoba." I want them to stand up for all Manitoba, Mr. Deputy Speaker, particularly this group I have out in South St. Vital.

I'm still not quite into the Budget that I wanted to get into, but I've got to go through this. I haven't had an opportunity of speaking at the MPIC meeting and I just want to get my feelings on the record concerning the shredding procedure of MPIC.

I would hope that the error in the shredding procedure has been corrected. I would hope that -(Interjection)- well, it says error corrected. I would think that if it's such a large error possibly the staff that had committed the error have been replaced -(Interjection)- well, you know - and I would hope that they would be replaced by Civil Service competition. I can just see the ad for the Civil Service competition: Part-time job requested, shredding main part of the job, only required before elections and before inquiries; if you can follow regulations as to shredding procedure, do not apply.

Mr. Deputy Speaker, we have a problem. I'm not going to stand up here and deny and make any statements about the validity of the Minister's statements - he is an honourable man - and I will accept what he has said. Mr. Deputy Speaker, I'm probably the only one in all of Manitoba who believes the Minister. There could be some others who believe him. I would think the Premier has to believe him. I would believe that the Minister responsible for shredding has to believe him; it put her in an awful position. She is a nice lady and she has had to get up and defend the error of this shredding. I would think that all other members of the New Democratic Party Government will be supporting this Minister and believing his statements.

There are many others who believe in fairy tales. I think the Minister when he started his speech or his opening statements at the hearings for MPIC yesterday, he should have started off with "Once Upon a Time" because it was a bit of a fairy tale. Once upon a time there was a little boy by the name of Pinocchio. As you know Pinocchio was that little wooden boy in one of the Disneys whose nose grew as he evaded the truth. I don't want to make any accusations. If Pinocchio was the one telling this story instead of the Minister, he would have a nose as long as a baseball bat.

Mr. Deputy Speaker, how can you drop three boxes of government documents into a shredder by error? One box maybe, two boxes maybe, three boxes never, Mr. Deputy Speaker. Accidentally? No way. You can't expect the people of the Province of Manitoba to believe that and we will keep reminding them.-(Interjection)- Twenty minutes? Okay.

The Minister of Finance has stated he has tried to raise revenue in the fairest possible way. A fine statement - tried to raise revenue in the fairest possible way. Do you remember a TV program called "Get Smart"? Is there anybody here old enough to remember a TV program "Get Smart"? Possibly there is. It was about a spy, Maxwell Smart. He had two well-known sayings, "Missed by that much," and "Sorry about that, chief." I guess the Minister has been watching old reruns because his Budget has missed by that much and he's sorry about that, Manitobans.

(Madam Speaker in the Chair.)

The Minister of Finance and the New Democratic Party Government has in the Minister's second Budget taken Manitoba and Manitobans from a position of mediocrity to a position of national and international prominence. Astounding increases in taxes and national and international scandal; increases in the sales tax; increases in the cigarette tax; increases in liquor, beer, wine; increases in the payroll tax; increases in the net income tax; increases in the corporate capital tax; increases in diesel fuel tax; increases in fees for government services, licence drivers and plates; increases in Hydro rates; increases in land transfers. Did I leave any out? -(Interjection)- Oh, concede, concede. Well, the Honourable Minister of Finance will be having an opportunity after I do to carry on - (Interjection)- Pardon? Sure he will, I know he'll bring it up.

You know, Madam Speaker, this government and this Minister has taken us from back in the pack to where Winnipeg tops the tax polls. For the average Winnipeg family of four the income tax hikes outlined in the Provincial Budget will give the Provincial Government the power to reach in and take the dollars that have been allocated for essential purposes by Manitobans to help cover the mismanagement of this government.

The new net income tax of 2 percent, along with the additional surtax on incomes over \$30,000 makes Manitoba the most expensive province for urban families. How many families are probably planning to leave Manitoba and establish elsewhere? I know that they're talking about it. Mr. Minister, you're not listening. It's part of my speech anyway. It just comes out even though you weren't listening. You're not listening to the people of the province, Mr. Minister, the taxpayer. There are none so deaf that will not hear.

I go through this on occasions. I have a hearing aid that I can turn down so that I don't have to hear. I don't know how you do it, I don't know how you turn it down without a hearing aid, Mr. Minister, but you're very qualified and you can do so.

The Minister has quoted that consultations have taken place with business, labour and community leaders to justify the government's financial decisions. Those meetings were window dressing. The Minister only heard what he wanted to hear. He had made up his mind and was preparing to tell Manitobans that the recommendations he had heard, even though he had made up his mind, were the recommendations that we are receiving here in the Budget.

Mr. Minister, we will be reminding the voters in the future about your inability and your lack of interest in listening to the taxpayers.

I know that the Minister made no forays into the Niakwa area to listen to my people. Better luck next time, Mr. Minister. But I had sent out a circular letter, Mr. Minister, a questionnaire, and you'd be surprised at the answers that I got back. They don't want higher taxes. I'm sorry, let me correct that. They don't mind paying fair taxes, but they don't want to pay unfair taxes, Mr. Minister.

The Minister is bringing in a very punitive tax bill this Budget. There is a danger that the future development in business and investment will never ever take place. Why should outside investment come to Manitoba? What initiatives do they have to come to Manitoba? Tax laws in Manitoba are so different from everywhere

else. If I was looking to establish a business, this would be the last place I would bring a business after this Budget.

With this Budget, I'm sure that there are established businesses in Manitoba that are looking to move out of the province. We have created -(Interjection)- Sure, why not? Sure, they'll move to Quebec. The New Democratic Party Government is doing everything they can to support everything that's happening in Quebec. At least when they're there, they say that; when they're here, they don't.

The NDP Government has created a perception that they are anti-business. A perception - this is a perception. People out of the Province of Manitoba have a perception that Manitoba is anti-business. We, who live here, know it's a reality.

An increase in payroll tax, Madam Speaker. I wish that you had been here earlier, Madam Speaker; I said some very nice things about you. And you know what? I meant it. And I had asked for special consideration in extending the amount of time that I had.

An increase of payroll tax from 1.5 to 2.25 percent, a 50 percent increase. You know, I'm going to carry on, but if you would just let me know when five minutes - what happens - the red light starts to flash?

MADAM SPEAKER: Three minutes.

MR. A. KOVNATS: At three minutes, and I've got about 10 minutes left, Madam Speaker?

MADAM SPEAKER: Nine.

MR. A. KOVNATS: Nine minutes, okay.

Business had asked that this payroll tax not be increased, Madam Speaker. We are committed - the Conservative members are committed to reducing and eliminating the payroll tax to promote business here in the Province of Manitoba.

They're not listening, Madam Speaker. They just went ahead and increased it to discourage businesses from coming to Manitoba. We should be creating jobs here. Increasing the business tax or the payroll tax is doing nothing but discouraging people from coming to Manitoba.

I can see a big sign, the Member for Roblin-Russell, his area is right at the Saskatchewan border, putting up a big sign, "Keep Out," you know, we'll be leaving, we'll be going over to Saskatchewan. The payroll tax is discouraging anybody from coming into the province and we're putting up these signs. All they're saying is that we don't want you in Manitoba because we're just going to stick it to the ones that we've got.

Madam Speaker, the Premier announced that by 1991 there will be a balanced Budget, or at least the New Democratic Party Government will endeavour to have a balanced Budget. I cannot assure that Premier that he'll be around as the Premier of the Province of Manitoba in 1991. I hope that he's not, but if he was, and at the same rate as they have increased taxes over the last two years and proceeding and projecting into 1991, four years from now, with an increase of 1 percent on the sales tax each year, because we've had it for the last two years, we will have a sales tax of 11 percent by 1991.

If the payroll tax increases in the manner in which it's increasing now of three-quarters of 1 percent, by 1991 the payroll tax will be 5.25 percent. I shudder to make these announcements, Madam Speaker, but there has to be a warning and I'm warning the New Democrats, not the people coming into the province, although I want them to pay heed because there will be a time when they can come into the province and start a business.

Workers Compensation, Madam Speaker - you know I was speaking so nice of the Minister, and we have a new Minister who's in charge of Workers Compensation - The Workers Compensation Act doesn't allow the government or that Minister to operate the class fund at a deficit. We've been operating that class fund at a deficit for the last four years and we've gone down from a positive position to a negative position, Madam Speaker.

Over the last four years, the increases in Workers Compensation have gone up 68 percent, three 20's and one 8. If we project by 1991 at the same rate, the increases in Workers Compensation will go up another 80 percent to a total of a 148 percent increase. Is this what people are going to come into the Province of Manitoba to take into their hearts and say, "Isn't that wonderful! We will be bringing our business into Manitoba because Workers Compensation has gone up 148 percent in the last eight years.?"

Cigarettes - and I know I'm going to be coming very close to some people here - I think it's freedom of choice to smoke. I don't think that by taxing and taxing and taxing that we should be forcing people not to smoke. We have people who it's a small enjoyment for them. I know that there's some dangers in smoking, Madam Speaker, some cancer dangers, but I think that there's got to be some freedom of choice. If the rate of increases on cigarettes go up in the manner in which they have been going up, by 1991, in four years, Madam Speaker, you will be paying \$5.36 for a package of cigarettes, not a carton, one package. It's going to be cheaper to get cancer. It's just getting to that point, Madam Speaker, that it's just awful with the increases.

Beer, a \$1.80 a dozen increase in the next four years, taking away all the little enjoyments out of life.

Madam Speaker, energy conservation. Is the Minister here? -(Interjection)- No, okay. I know the Minister was here and I won't say that he's not here. A 7 percent cost increase on insulating materials, Madam Speaker, the increase in the amount of the sales tax - this is where we have taken sensible energy conservation measures and thrown them right out the window.

I have a special feeling for energy and energy conservation. I wanted to ask the Minister about the extension of hydrogen power because of the extension of electrical power, and it's something that will be the salvation of this province but I haven't heard anything more about it. All I know is that Hydro is expanding and we are supporting the expansion - it started too early - but we will have some problems because of it. But I would hope that the honourable Minister will take some special interest and give us the opportunity of knowing where we are going in energy somewhere into the future, particularly in hydrogen energy.

Home insulation will definitely slow down, Madam Speaker, and it's going to affect the ones who need it the most, the old age pensioners, the senior citizens,

who will not be able to afford to buy this insulation because of the increase. It's going to give them the opportunity of sitting back and saying maybe we won't spend our money on that, we might need it for something else; and come wintertime, when they're putting on that extra sweater and they're not as comfortable as they should be, we'll blame the Minister of Energy and this Minister of Finance for taking away the opportunity of these senior citizens putting in extra insulation into their homes so that we can have a comfortable home for these people.

Madam Speaker, I am very, very disappointed in the Budget brought in by the Minister, and I have stated before how I will not be voting for his Budget but will be supporting the amendment made by my leader. I encourage and I welcome, and I'll tell you, I think that it has to be considered that the members of the government, the New Democratic Party members, also support the amendment by the Leader of the Opposition because it is a fine amendment and meant to be in the best interests of the people of the Province of Manitoba.

Thank you very much, Madam Speaker.

MADAM SPEAKER: The Honourable Member for St. Norbert.

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

I appreciate this opportunity to speak to the Budget. I hadn't, frankly, intended to and it may be evident from my remarks. I hope not, Madam Speaker. Having not had an opportunity to speak on the Throne Speech, Madam Speaker, may I first of all say to you, peace on earth and good will to all.

Madam Speaker, in the few moments I have, I would sincerely like to address this Budget because I believe sincerely that this Budget is the most devastating Budget that has ever struck taxpayers in this province and families in this province and people in this province and people who would like to come and live and invest in this province, Madam Speaker.

I would simply say to the members opposite, as part of that reaction to the Budget, I want to indicate to them that I have had a couple of phone calls lately and I must say, in speaking to people on a daily basis, all of them have been very distressed by this Budget. I received a phone call last Friday from a constituent indicating that two of his neighbours living in my constituency, as a result of this Budget, have put their homes up for sale and are leaving the province to Saskatchewan and to Ontario as a result of this Budget, Madam Speaker.

At the same time, members opposite - and that disturbs me very much, Madam Speaker, because I am advised they are . . .

HON. E. KOSTYRA: They must be transferred.

MR. G. MERCIER: No, they are not being transferred, Madam Speaker, to the Minister of Finance. They have left their jobs and left their employment as a result of this Budget and are seeking out and taking up other opportunities outside of this province.

At the same time, members opposite should be concerned because I have received telephone calls from

card-carrying members of the New Democratic Party who are so upset over this Budget that they are ripping up their cards and are offering to work for the Progressive Conservative Party in the next election.

Madam Speaker, in looking at this Budget, there are a number of extremely important factors. There are a couple of important factors to be taken into consideration, and the first is to look at the estimates of the detailed revenue wherein the first 116 years of Manitoba in confederation, Madam Speaker, the total revenue from taxation was some \$1.8 billion. In just one year in this Budget, that goes up by some \$368 million, a 20 percent increase in taxation in one year, in revenue from taxation in one year, Madam Speaker, for Manitobans.

Just to consider for a moment, Madam Speaker, that it took that long, 116 years, to reach this level of taxation, and in one Budget the Minister of Finance has increased revenue from taxation by \$368 million, a 20 percent increase in taxation which will have hit and affected every Manitoban, Madam Speaker.

We look at the finance charges being paid by the government and the figure for this year, excluding the Manitoba Properties interest, is \$438 million compared to some \$97 million in 1981-82 when this government took office. So we have had more than a 400 percent increase in public debt charges as a result of the deficits and the borrowings that this government has incurred since they took office in 1981.

It's interesting to note that that amount is virtually equivalent to almost 5 percent of the sales tax. Five percent of the sales tax could be avoided if this government had listened to members of this side, particularly our critic for the Ministers of Finance during that period of time, because they were warned that this was going to happen, Madam Speaker. They were warned by the former Member for Turtle Mountain that this was going to happen and they ignored that advice.

So we have, Madam Speaker, taxation having to be increased by this monumental amount of some 20 percent over and above some \$35 million in increased fees and charges for government services where Manitobans are affected on a daily basis whether they're buying a birth certificate or a driver's licence or a driver's registration.

The Minister of Highways was asked just the other day to give to the House the information as to what was going up - why were revenues in that area of automobile registrations and driver licences increasing by over \$10 million - and he refused to give that information in the House, Madam Speaker. That can only mean that there are going to be one-third increases obviously in terms of the costs of acquiring a driver's licence and paying for automobile registrations.

So over and above this \$368 million to be paid by Manitoba taxpayers in provincial taxation, there is approximately \$35 million to be paid by Manitoba taxpayers in fees for government services which will hit everyone, Madam Speaker.

That's needed by the government to pay the debt that they have incurred over the last five years or six years in government whereby they've increased the debt for public interest charges and public debt from some \$97 million to some \$438 million.

This Budget is the result, Madam Speaker, of their lack of fiscal management over the last five or six years,

and Manitobans are now going to have to pay dearly. It's interesting to know, Madam Speaker, that the net debt per capita under this government has risen from some \$4,000 in 1981-82 when they took office, to \$9,000 in this year as a result of this Budget - 120 percent increase in the net debt per capita.

What is the result, Madam Speaker? We still have a deficit of some \$415 million. Now we either have the highest rates of taxation in so many fields where we have taxes that are only selectively being used in only a few other provinces, but we have all of the worst in Manitoba, with the payroll tax, 7 percent sales tax, land transfer tax, and all of these other taxes.

How did this debt emerge and these interest charges, Madam Speaker? In 1981-82, the expenditures of the province were some \$2.381 billion. In 1986-87 in this Budget, there's some \$4.2 billion. So we've virtually had a doubling of expenditures in some five or six years under the NDP party, expenditures which have increased at approximately twice the inflation rate since they've taken office. So they've been unable to properly manage the fiscal affairs of this province. They've spent twice the inflation rate. They've continued to have extreme deficit Budgets which have caused our debt charges to be increased over fourfold and we still have this deficit of \$415 million. I say to you, Madam Speaker, that as every Manitoban will now be paying more and many of them will not be - although they will be paying the sales tax and they'll be paying the land transfer tax and they'll be paying the cigarette taxes and the payroll taxes in this year and the Liquor Commission charges, their net income and the surtax will not be seen by them until the spring of 1988 when they file their 1987 income tax returns, or until further on in the spring of 1989 when they pay their 1988 taxes.

Madam Speaker, I can tell you and I can tell members of the government that the taxpayers of Manitoba are extremely upset and disappointed and discouraged by this Budget. This will discourage investment in this province, Madam Speaker, because it will be difficult to attract people to this province, particularly when you're looking at national corporations. They simply won't want to come to Manitoba to pay these taxes. There will be, Madam Speaker, I predict a tax revolt by the taxpayers of this province. It will be a tax revolt that will turn this government out of office, Madam Speaker, whenever they choose to call the next provincial election.

There are disturbing aspects, Madam Speaker, that have come to our attention. Just today there's an indication because of the increase in the sales tax and the broadening of the sales tax, how people, it could be said, unfairly hit by this Budget, builders who have entered into contracts to build houses prior to the Budget will all of a sudden have the new taxes imposed upon them. They're making the complaint today through the news media, Madam Speaker, that they don't think they've been dealt with fairly by the timing of these changes which are going to affect them adversely. It's difficult to disagree with that concept in that approach and that attitude when the government imposes these tax increases that affect contracts already in place.

Madam Speaker, it's part of the Budget that's going to have a drastic effect on the finances of the average family in Manitoba. When you add up all of the increases that are taking place in this fiscal year, when you tell

the average family that they're going to not only pay the 5 percent increase in Manitoba hydro rates that the government announced earlier this year, but they're going to have an additional 4.7 percent added on for a 9.7 percent increase in hydro rates in this year, that they're going to have the Autopac, MPIC increase in rates, that they're going to have the Manitoba Telephone System increases in rates, the sales tax.

I wish, Madam Speaker, I hadn't been asked to speak on such short notice. I would have loved to have brought with me the 1982 Budget; I guess it was '82-83, when this government imposed the sales tax and thought they were so smart and said despite all the public discussion there's been about the increase in the sales tax, we're going to bring in the payroll tax because we think the sales tax is so unfair, such a regressive tax. What has happened since then? The tax has been raised twice, Madam Speaker, and that's what families are now going to have to pay and that's what they're going to have to pay on a very much broadened base.

MR. F. JOHNSTON: Plus they raised the payroll tax.

MR. G. MERCIER: The Member for Sturgeon, thank you, Madam Speaker, reminds me about the payroll tax which I was going to raise, increased to one point by three-quarters of a percent. That will be passed onto the Manitoba consumers, Madam Speaker, either passed onto the consumers through increase in the price of the employers' products or it's going to result in the loss of jobs or further automation and a lack of expanding jobs. It simply has to, Madam Speaker. So the average family will be affected by that.

The average family, obviously 80 percent of the taxpayers of Manitoba - not just the 100,000 that the Minister of Finance has referred to - are going to be affected by his increased and new net income tax, and some very significantly. You can't tell me, and anybody in this House who is raising a family, Madam Speaker, who thinks that someone who is raising a family on \$30,000 a year is wealthy is just beyond me when you think of the costs of raising a family and owning a home or renting a home, it simply cannot be called wealthy. To impose, as they have done, on these people, not only the net income tax but every other increase that is included in this Budget, in this massive increase in taxation of some 20 percent is going to cause a lot of problems for those average families as well as those increases in fees and services.

So we have, Madam Speaker, a Budget that is being brought in by the Minister of Finance as a result of fiscal mismanagement that has occurred since they assumed office in 1981 where he's been forced as a result of their fiscal mismanagement which they were warned about and credit rating agencies have warned them about as they dropped the credit rating of this province some three times since they were elected to office; a Budget that comes in that taxes Manitobans and increases the taxes by some 20 percent in one fiscal year, over and above the fees and charges, despite all of this, leaves us still with a deficit of \$415 million, with no place to go, Madam Speaker, other than continuing deficits, which I think, is one of the basic reasons why this government will never win the next election in this province because taxpayers have had

enough. They've had enough and it's going to be seen throughout this province, until this government chooses to call an election because the reminders will be continually there, as the average family tries to cope with these increased rates of taxation.

And to put it all in perspective, Madam Speaker, another tax increase that this government is responsible for, in my view, will be the City of Winnipeg tax bills that will be coming out very shortly. I remind the Minister of Finance of a discussion I had with the former Member for St. Johns when I was Minister of Urban Affairs. He said, as Minister of Urban Affairs, do you consider yourself responsible for the level of real property taxation, and I indicated yes. And we held those rates of property taxes down while we were in office, but they've increased significantly, Madam Speaker, and they've increased much more in this particular year, in the year of reassessment. The Provincial Government has to assume responsibility for that level of real property taxation which is also occurring throughout this province.

So we have, Madam Speaker, a Budget which once again, increases expenditures by twice the rate of inflation, which increases again significantly the portion of taxpayers' money that is going to pay interest charges, which is increased over fourfold, over fourfold since they've taken office, from some 97 million to this year, 438 million excluding the Manitoba properties.

We have a Budget which increases provincial taxation by 20 percent in one year, some \$368 million. We still have a continuing deficit of \$415 million, which is further going to increase the debt charges that are going to have to be paid in the future. We have tax measures that have been increased significantly, and which are only going to have to be increased again in the future to continue to pay for the fiscal mismanagement of this government and this government party.

We're going to have increased government fees and services in addition to the taxes, Madam Speaker. It ignores the advice that this government has received through the past number of years. It finally brings into play the anticipated result that they were warned about if they did not follow that advice with respect to this, by having to be forced into this massive increase in taxes and a continuing deficit, Madam Speaker.

This is going to be a Budget, and members may feel somewhat happy in a way that the Manitoba Public Insurance Corporation matter came to the public fore during these past few weeks, because it has tended to distract some of the public attention away from their Budget. That has been an important matter that we have had to deal with, Madam Speaker. But I say to you, this Budget, in my view in any event, is the most important event that has and will take place at this Session of the Legislature.

It will not be forgotten by members of the public; it will not be forgotten by members of the Opposition; it will be continued to be stressed and Manitobans will be reminded every step of the way as taxes increase throughout the balance of this year as Manitobans pay increased fees for government services. As they go to their neighbourhood chicken take-out to buy a bucket of chicken and pay an extra 7 percent on that bucket of chicken because they have two working parents in the family, and it's difficult enough to do that. And for some respite, that is done on occasion, but they'll be

paying more every time they do that. Every time they buy anything, they pay an extra two points on sales tax, which this government has imposed.

When they go to file their 1987 income tax return, and when they go to file their 1988 tax return, we will be there, Madam Speaker, reminding taxpayers at every step of the way, that they are paying more and more and more as a result of the fiscal mismanagement of this government. The government has made a major blunder in bringing in a Budget like this, and in bringing in their budgets of the past, Madam Speaker, because finally they will be caught up with, and this Budget will be the reason why this government is defeated in the next election.

Thank you, Madam Speaker.

MADAM SPEAKER: The Honourable Member for Assiniboia.

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

I am pleased to enter this debate on the Budget and record my opposition to it. Even as the debate nears its conclusion and even if almost everything has been said from our side in opposition to what is . . .

MADAM SPEAKER: Order please.

The Honourable Opposition House Leader.

MR. G. MERCIER: It would appear that there's a misunderstanding, Madam Speaker. The Government Whip had indicated, and we had agreed that we would have two speakers on this side, that I would follow the Member for Niakwa, and that the Minister of Finance would then close debate.

I apologize to the Member for Assiniboia who may not have been aware of that or you may not have been aware of that, but that was the agreement.

MADAM SPEAKER: The Honourable Minister of Finance.

HON. E. KOSTYRA: Thank you very much, Madam Speaker, and I thank the Member for Assiniboia.

This is the first opportunity that I have had to speak in debate other than responding to questions in question period, Madam Speaker.

I'd like to start off first, since it is my first opportunity to speak in this Session, to give my regards to you in your very difficult role as Speaker. I know that you will continue to uphold the very important traditions of this House in a way, dare I say, that is fair and balanced, Madam Speaker.

I'd also like to, at this time, acknowledge and offer my congratulations to our new Lieutenant-Governor, Dr. George Johnson, on his appointment. I think he's going to be a great representative of Her Majesty in the Province of Manitoba, just as his predecessor was, Pearl McGonigal, in the role that she played representing the Queen in our province.

I'd also like to congratulate one of my colleagues on this side of the House, the Member for Rupertsland, who has been elevated to the position of Minister of Northern Affairs. I think that he will continue to represent the interests of his constituency, the interests of Native Manitobans, wherever they may be, even better with his new responsibilities.

I, too, also want to add to the comments that were made earlier by the Member for Niakwa in regard to the Pages this year. I am pleased to note that a number of the Pages are from the north end of Winnipeg, a couple from schools that are in the constituency that I have the honour of representing here, and the one in particular that the Member for Niakwa mentioned also attends a school that I attended through my high school years. So I wish them well and I hope that they find their experience in our Legislature worthwhile.

I've been able to sit through and listen and, in the cases where I haven't been in the House, review the comments of most members opposite and members on this side speaking on the Budget. But I'd like to spend some time talking about some of the comments and referring to some of the comments from members opposite about this Budget, because I think this Budget and the approach that we have taken in regard to the financial affairs of our province, as evidenced by this Budget, is in stark contrast from the kind of approach that members opposite take and different from the approach that members opposite would take if they were in government. We certainly have evidence of that where there are Liberal and Conservative Governments in other parts of this country.

This Budget is built on fairness, Madam Speaker. It is built on fairness both in terms of the revenue measures that are contained in the Budget and in terms of the expenditure measures that are contained in the Budget. I'll talk about that in more detail shortly. It is based to the extent possible on the ability to pay, Madam Speaker, which is a very important principle that our party in government believes in. It also reaffirms the commitment that we have, and the approach that we have taken through all our years in government, in tying economic and social development together; because, it is impossible to see progress in our country, in our province, if one separates economic development from social development, or conversely, if one separates social development from economic development.

I believe that most Manitobans, once they fully understand the implications of this Budget, will agree that this Budget is fair in Manitoba. I think that this Budget is in keeping with the philosophy that I think most Manitobans share, the philosophy of fairness, the basic moral fabric that transcends all Manitobans, because I think Manitobans generally do subscribe to that basic philosophy of fairness, of assisting those who are in positions that are less fortunate than them, people who either have less opportunity for whatever the reasons, or people who have less opportunity in terms of financial return or financial reward.

So I think that this Budget does meet the needs of Manitobans and does meet that basic fabric in our province, rather than going and following the greed that sometimes members opposite like to play towards, and that trait of conservative-minded people, that the only way you succeed is if you achieve and only look after yourself. I think that's a very important distinction between the way we operate on this side of the House and the way our party believes in terms of basic philosophy, because we believe there is sharing, that there is the opportunity for governments to provide a quality of opportunity. I think this Budget meets and addresses those needs.

I'd like to spend some time talking about the expenditure side of the Budget, because I think that's

important to look at in terms of how we are dealing with the issues of fairness.

I'd like to first talk about one of the most important areas of government activity in the province at the present time and that being of agriculture. I know that members opposite have not spent much time talking about agriculture in terms of the Budget Debate. They certainly don't spend very much time in question period worrying about the needs of our farmers in Manitoba, of our family farms. The ones that they raise issues about are not the ones that are in the middle- and lower-income levels of farms - and I'll just get into that in a bit more detail in a moment - but this Budget does address the fairness in terms of agriculture in our province. It does address the issues of fairness as it relates to family farms.

This is something that we have been working on ever since we've been in government since 1981 in this province. We took action very early back in 1981 to deal with the urgent concern with regard to high interest rates that were impacting very severely on our family farms at that time. We took a lot of action in regard to Manitoba Agricultural Credit Corporation programs to help farmers, particularly those who needed assistance as a result of high interest rates and particularly young farmers. We also took action with regard to the red-meat industry, or the red-meat portion of our agricultural sector, to provide programs that help sustain farm income and stabilized livestock breeding herds. Very early we took those actions before others recognized that there were problems on the horizon with respect to agriculture.

This Budget takes a number of significant steps to deal with agriculture. I don't want to go through and repeat all of the measures that are in the Budget Address and are in the background documents of the Budget, but I would like to remind members of some of them because they don't seem to be interested or concerned about these issues anymore, Madam Speaker. They are not concerned about ensuring that farmers have the full benefit of the dyed tax-exempt fuel for farmers, and this Budget does take measures to ensure that that benefit is going to be passed on to farmers in our province.

This Budget does take action in terms of looking at long-term lease arrangements for farmers with the option to repurchase their land through the Manitoba Agricultural Corporation. My colleague, the Minister of Agriculture, is going to be providing details of that program in the near future, which is going to go a significant way to meet the needs of our family farms.

We also have indicated that we are going to get into a further guaranteed operating loan program which is going to be expanded to further assist our family farms during this crisis.

There is also going to be, as was mentioned, the institution of an interest-rate buy-down program to help assist farmers, and that initiative alone is going to require some \$29 million of funds.

And, of course, the major initiative in the Budget, in regard to meeting the needs within the provincial context of farmers, was the Special Farm School Tax Assistance Program, which is going to provide some \$12 million of relief over and above the other relief that is in place for farmers to deal with the costs of school taxes. That's going to relieve school taxes for some 25,000 farmers in our province.

So this Budget has taken a number of initiatives to deal with the needs of our farm community. It's unfortunate that members opposite have not recognized, have not taken the time to debate, or have not taken the time to fully understand what is taking place through their government to assist farmers in our province.

I listened the other day to the comments from the Member for Virden where he suggested that this Budget is going to cost farmers \$1,000 more per year as a result of measures in this Budget. I had a heck of a time trying to work out his calculations as how he came up with that, so I tried to look at it from his standpoint to see if I could figure out how he came up with that figure.

He used a figure, for example, that farmers this year are going to pay an additional \$500 as a result of the net income tax. Just think of that. He suggested each farmer is going to pay an additional \$500 as a result of the net income tax. I think farmers would be pleased to know that, because you know what that means? That means that farmers this year would be having income of over \$50,000 a year - over \$50,000 a year - in order to pay an additional \$500 net income tax this year. I think farmers of our province would be delighted to hear that, would be delighted to know that their income is going to go up at that kind of level, as the member suggested when he came up with his outlandish figure of \$1,000 tax increase, as a result of this Budget on Manitoba farmers - \$50,000.00. I think Manitoba farmers would be proud, would be pleased to pay that additional \$500 if they had an average income of \$50,000 a year or more as the member suggested. The Member for Virden came up with that figure.

In fact, if you look at the reality of what is happening in terms of family farm income, you will find that it is considerably lower than that, and most family farm operations, at the kind of income levels they are regrettably at right now, are going to see a reduction in the amount of income taxes that they are going to pay.

And he went on to suggest that there is going to be all these other costs that are going to see a reduction in the amount of income taxes that they're going to pay.

He went on to suggest that there are going to be all these other costs that are going to be incurred. If you look at the input costs on farming that most of them presently are exempt from sales taxes or from fuel taxes or from other taxes, whether it's corporate taxes or what have you, that there is no negative impact as a result of this Budget on agriculture; in fact, the opposite is true. There is a positive impact to support our family farms during this period of crisis.

He even went and used a figure that the fees that are going to be changed in the Department of Agriculture are going to cost each farmer \$100 a year more as a result of this Budget. What he did was take the revenue figures from the Department of Agriculture and divide it or subtract it or throw it up in the air or something and they came out with the figure of \$100 per farmer more because of what's contained in the Budget. There are no fee increases for farmers in this province as a result of this Budget, Madam Speaker.

What is contained in the revenue Estimates of the Department of Agriculture are increased revenues

related to the purchase of veterinary drugs and semen through the Government Essential Purchasing Agency which really means that the farmers are going to save money because of that central purchasing. Rather than having increased costs as a result of his calculations, they're going to see a reduction as a result of that central buying, so he missed the mark again. So we're up to now some \$600 that he's missed the mark in terms of the impact of this Budget on each individual farmer.

That's the kind of misinformation the members opposite are trying to put across to people in the Province of Manitoba regarding this Budget. But the people of Manitoba will not be fooled because they will know, they will see the impact on their own operations, particularly the farmers; they will see the impact of their own operations as a result of this Budget.

The other interesting thing that we've heard from time to time from members opposite is sometime they want to talk about other provinces in Canada. They're talking about agriculture support as an example. They always keep talking about Alberta and Saskatchewan. They said more about that prior to the elections in those provinces, but they always used to talk about Alberta and Saskatchewan. Now when we bring them up in regard to tax increases or fiscal mismanagement, they say, well, no, no, don't talk about those provinces because this is Manitoba.

I want to just talk about agriculture for a moment in those provinces because now we have the benefit to see what has taken place since the election in those provinces. You know what's happening in Alberta right now, Madam Speaker? Do you know what's happening in Alberta right now? I'm going to tell you. I know that you would be interested to hear because I know a lot of your constituents are concerned why this is taking place with respect to agriculture not only in Manitoba but in Alberta because they know the impact of agriculture on the people in urban ridings. Well, since the election in Alberta, we've now got the Alberta Government turning back and cutting back on its support for agriculture. For the election they were increasing it; after the election they're decreasing it. But we don't hear that from members opposite anymore; we don't hear those references to Alberta in that regard.

They've called back their farm fuel distribution allowance by five cents a litre, five cents a litre more than it's going to cost farmers in Alberta; five cents more as a result of the Alberta Budget on the backs of farmers in that province. We don't hear those comparisons from members opposite when they talk about farm support. There's also a cutback generally in the Department of Agriculture in Alberta by some 40 percent reduction over what they previously provided. That was after the election in that province, so I guess that they view the priorities of farmers differently. Conservatives view the priorities of farmers differently after an election than before an election. We view the priorities of farmers and the needs of farmers the same, whether it's before an election or after an election, based on the actual needs of our rural communities.

I'd like to turn and speak for a moment or two about general expenditures. There's been a lot of criticism of this Budget that we haven't cut back, that we haven't

taken the strong action to cut back expenditures and bring down the deficit and not look at any revenue increases by wrenching down expenditures, by making big cuts, that somehow we'd be strong and mighty if we were only to bring down expenditures and that we are a weak government because we don't bring down expenditures and we don't cut back all over the place.

Well, the reality is that within this Budget there are a number of areas of government activity, government departments that are receiving less resources or resources that are less than the cost of inflation. There are other areas that are receiving considerably more. But is it strong? Is it right to suddenly say, well, we're going to cut back on health care or cut back on education or cut back on support to municipalities? That's actually quite easy when you think about it. It's quite easy to sit in a room and say we're going to cut back across the board; we're going to take 10 percent from every municipality in the province; we're going to take 5 percent from every hospital in the province.

It's easy to do that. It doesn't take a lot of effort. You sit in a Cabinet room and just say, well, 5 percent, all municipalities. You push the pain and the suffering onto somebody else. You could say to the Child and Family Service agencies, Madam Speaker, which I know you're concerned about or the day care facilities, and say 5 percent across the board cutback and you deal with the problem. You deal with the people who come to your door who aren't getting the care or aren't getting the assistance, you deal with them. Is that strong government? Is that responsible government taking that kind of action? That's pretty weak. That's a weak-kneed approach to dealing with real fiscal and real problems of people, but that's the Conservative approach. If you look at what's happening in Saskatchewan, if you look at what's happening in Alberta, if you look at what's happening in the Federal Government, they've cut back support to other groups, to other agencies, whether or not it's a case of the Federal Government cutting back support to the provinces, because they know that the provinces are going to have to deal with those problems up front. We haven't taken that approach, Madam Speaker, and then we've got the Conservative-minded people and the commentators saying, well, you're not a very strong government because you don't cut back across the board, you're weak. Well, that's irresponsible. That doesn't show any strength; that shows weakness. That's a weak-kneed approach to dealing with the problems of people and the fiscal problems of our province. That doesn't show any strength, nor does it show any compassion, nor does it show any fairness to people, Madam Speaker.

I think that the people of our province want to have responsible government, a government that does look at the fiscal side, at the financial situation.-(Interjections)- I seem to be causing some problems over there, Madam Speaker. I'm sorry, I didn't mean to stir them up.

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

If members want to have private conversations, they can have them elsewhere.

The Honourable Minister has the floor.

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

I did not mean to stir them up in the way that I did. I was just trying to put some of the facts on the record so that they would understand what the facts are, Madam Speaker, and through you, that Manitobans would know what the facts are in terms of what we've been doing in terms of looking after the needs of Manitobans through the expenditures that are provided in this Budget.

As I was saying, Madam Speaker, you know, that whole notion that somehow you have to be Ronnie Rambo and go out there and blast away at expenditures and that somehow that's a tough approach and that's really how one should govern, it's actually when you think about it and think it through, it's an approach of weak people to sit back and to merely push the problems onto some other agency, to some other level of government, to hospitals, to school boards, to universities or whoever. That's a very weak approach to dealing with problems. That's the kind of approach that's been taken by Conservative Governments whether it's been at the federal level or Conservative Governments in other provinces.

Speaking of other provinces, you know, there's been a couple of Budgets that have come down since our Budget, Madam Speaker. I know if you were merely watching the local paper here you wouldn't be quite aware of what has taken place there, but I think it's worthy to comment on because as I said earlier members opposite like to make comparisons with other provinces when it suits their purpose. When it doesn't suit their purpose, they say, well, this is Manitoba, why are you talking about Saskatchewan, why are you talking about Alberta? But I think it's important that the people of Manitoba know what is taking place in other provinces because they want to compare what exists in our province, our quality of life, our services, our relative level of taxes. They want to make some comparisons with other provinces in Canada.

There was - I think someone already referred to it - an interesting story in the *Scratching River Post* by I believe - if the initials are correct . . .

A MEMBER: Warner Jorgenson.

HON. E. KOSTYRA: Warner Jorgenson, yes, a former Conservative Cabinet Minister, former Conservative MLA and Member of Parliament, and I think even a Federal Cabinet Minister at one time.- (Interjection)- No, he wasn't, he never got that far, but the headline in his article said "Saskatchewan sets Record for Fiscal Irresponsibility." Never heard about that from the Member for Morris, yet it was right in his newspaper. He didn't get up in the House and say, "Mr. Minister of Finance, I want to ask you about this headline about Saskatchewan's fiscal irresponsibility." No, he didn't, but I think Manitobans do want to know about it.

Let me just read part of this article. It says, "Saskatchewan's Finance Minister recently announced a provincial deficit for this fiscal year. It will reach a staggering \$1.2 billion on a total budget of \$4 billion, probably marking a new high for fiscal irresponsibility in Canada." We will not follow that approach, Madam Speaker, of Conservatives in the Province of Saskatchewan. We will not reach new highs for fiscal irresponsibility like the Province of Saskatchewan.

Looking at other provinces and their budgets, what has taken place in the other provinces, because it certainly has not been given much attention here in Manitoba, let's talk about British Columbia for a moment. British Columbia made some major changes in its income-tax system. They did two things, Madam Speaker, with their income tax. On one hand, they dropped the surtaxes that were in existence - and they had two of them - they dropped the surtaxes for high income individuals in that province. At the same time, they increased the rates for all individuals in the Province of British Columbia.

I'll show a little bit later, when I provide some detailed information for all members on the impacts of the various budgets, but it's interesting to see what that has done for low-income people in the Province of British Columbia. I know members are going to say, what about the sales tax drop? Yes, what about the sales tax drop? They did drop it by 1 percent, Madam Speaker, and you can see the impact of that, coupled with the increases in the income tax, and the increases in the income tax and the drop on the surtax have a disproportionate negative impact on low-income people.

They also did something reasonably progressive in British Columbia. They introduced a new property-transfer tax - a 1 percent on the first \$200,000 and 2 percent on the rest, not quite as progressive as the one that the Attorney-General and I worked on in terms of this Budget, but still I think a reasonably progressive move to look at revenue from property transfers, and that yields them \$150 million in the Province of British Columbia.

Do you know what else they did in that province, Madam Speaker, that hasn't been brought out? They've increased small business taxes, a Conservative Government that's conservative. They call the Conservatives Social Credits in British Columbia, as you're aware. They're increasing the small-business income-tax rates in British Columbia. Do you know what else they did? They also did something very progressive. They increased their Medicare premiums in the Province of British Columbia. They also increased their Pharmacare deductible so that people at the lower-income levels would pay disproportionately more for Pharmacare.

They also even are now requiring senior citizens to make a co-payment equal to 75 percent of the dispensing fees, up to \$125 annual maximum, so they've gone right to the bottom, Madam Speaker, to hit the senior citizens. Coupled with that, they've put on user fees for chiropractic services and physiotherapy services, so that they have raised more money on the backs of ordinary people in British Columbia.

But that's not quite as bad as what we've seen take place in the Province of Alberta. The Leader of the Opposition talked about the biggest tax grab in the history of the Province of Manitoba. The Member for St. Norbert quoted some figures about the percentage increase in revenues this year as a result of this Budget, and he said that was the biggest in the history of the province. That's not quite correct. The biggest increase in terms of revenue was the first year of the former Conservative Government, in terms of percentage increases, Madam Speaker. That's what he was using; he was using percentage increases for the Member for Morris' information.

What did take place in the Province of Alberta? First of all, they made a number of changes to their income tax. They raised the general rate by 3 percent. They introduced a surtax on high income and they introduced a flat tax. Flat tax is not dissimilar from our net tax, except they put the rate - and it's 1 percent for a whole year, but they put it on the rate of 2 percent for the six months of this year, but they put it on taxable income.

That's allowing for the exemptions for capital gains to not be taxed, that those exemptions are not captured by this tax, and it is very fair and it's very unfair in terms of its impact. They also increased taxes on corporations; they increased taxes on large corporations; they increased insurance corporation tax; and they put in a fuel tax in the Province of Alberta of 5 cents per litre.

They didn't put on a general sales tax, but they did put a sales tax on hotels. They increased their tobacco tax, but one of the biggest whacks they gave people in the Province of Alberta, and you think about it in terms of what it takes and compare it to what we did in Manitoba, they increased their Medicare premiums significantly in their province by some \$96.00. Contrast that by what has taken place for lower- and moderate-income people in Manitoba as a result of this Budget, Madam Speaker. We didn't go and reach into the pockets of low-income people and pluck out \$96 so they would pay more for Medicare premiums. In fact, as I'll demonstrate later, we did the reverse of that.

They also increased Liquor Board revenues by some \$40 million. They took this huge massive tax grab, the biggest in the history of the Province of Alberta, much greater than the increases in revenue in the Province of Manitoba if you look at it on a per capita basis, at the same time that they were slashing back expenditures for agriculture, the same time they were slashing back expenditures for hospitals, for health care facilities, for education and for universities. At the same time as they're taking all this money from Albertans, they're also reducing the services that Albertans have in their province, a stark contrast to the approach that we've taken in our province in this Budget.

But it's interesting that members opposite haven't come up with those comparisons, as they usually do in terms of giving comparisons with other activities of provinces to the west, and they did prior to the election in terms of agriculture programs. It's interesting that it hasn't received much attention from the media in Manitoba.

I'd like for a moment to talk about the response and the responsibility of our Federal Government. We saw the comments just the other day from the Member of Parliament for St. Boniface. Here we have the Member for St. Boniface province-bashing, attacking the Provincial Government as a result of its Budget, saying that somehow this is going to drive business away. If that Member of Parliament would deal with the problems that his party, his government, are causing to the people of Manitoba and resulting in some of the very difficult decisions we have to take in regard to revenue, if he would spend some of his time looking after those kind of problems, we would be much better off.

Rather than having him bash the province, he should stand up for the needs of Manitobans. He's done nothing to stop the erosion in federal transfer payments,

nothing at all. He doesn't even answer letters. I wrote to him, very quietly, not on the front page of the papers, not circulating that information to the press, saying, "As caucus chairperson for the Conservative Members of Parliament in Manitoba, I'd like to meet with you to talk about the problems that are taking place as a result of the transfer payment issue." He didn't even have the courtesy to reply to me, Madam Speaker. He is not interested in the needs of Manitobans; he's not interested in the impact that his government is having in the province; he didn't even have the courtesy of replying to me.

There's only one Conservative Member of Parliament that I wrote to that had the courtesy of replying, and that is Mr. Lee Clark, the Member of Parliament for Brandon-Souris. He had the courtesy to reply. They don't want to deal with the problems of Manitoba; they don't want to understand what impact that \$42 million cut is having on the Province of Manitoba and what impact it's having on . . . He mentions the Member for the Caicos. I mean, there is a prime example of a Member of Parliament representing the needs of ordinary Manitobans, spending his time trying to figure out a way that he can get a Caribbean Island to become part of Cabinet so that when the Conservative Government is chucked out of Parliament, they'll have a place to go and retreat. That's what he is doing. That's the kind of concerns he has for Manitobans. He's spending his time trying to figure out a way that he can have a permanent winter home down in the Turks and Caicos. I mean that is really representation in dealing with the needs of Manitoba.

If you look at what the Federal Governments - both Liberal and Conservative - have done to our province in terms of transfer payments, the impact that is having on the Budget of our province, on the revenues of our province, at the very least, I would see the member saying, well listen, you don't deserve to get the kind of cutback you're getting this year.

We're receiving \$42 million less this year in equalization payments. Why don't the members opposite say that is unfair? Why don't they at least say that? It's one thing to argue that maybe we can't get an increase in the overall formula, that we can't increase the overall equalization share, and I'll debate that because I think we can, but even accepting that, isn't it basic fairness to say that when a province's demonstrated need - as evidenced by the formula - is increasing, that we should not receive a year-over-year drop?

Can't the members opposite, can't the Member for Morris, say that is unfair, like the former critic for finance said, and join with us to go to the Federal Government and say that is unfair, that kind of treatment of Manitoba? But these members won't do that, Madam Speaker. They will not stand up even in that very basic, that very minimal way, for the needs of Manitobans. Not at all, Madam Speaker. I wish they would get up and say yes, that is unfair; yes, we will support; no, there should not be any reduction in transfer payments.

But that's the kind of treatment we're getting from the Federal Government.

MR. C. MANNES: We didn't receive any credit from the last time . . .

HON. E. KOSTYRA: If they want credit, Madam Speaker, I will give them credit.

MR. C. MANNESS: Well, did you? I never heard any.

HON. E. KOSTYRA: You'll get all the credit you want if you want to come and join with us to say that is unfair treatment, and if we get the payment, I will give credit to the Member for Morris.

MR. C. MANNESS: We didn't; we tested you on the one hundred and fifteen ninety.

HON. E. KOSTYRA: Well, test me again, Madam Speaker.

You know, it's been quite something, the kind of response that the media has given to this Budget, and I have to speak for a few minutes about the kind of reporting - if you can call it that - that has taken place by some of the media on the Budget.

I just want to talk a bit first about the Winnipeg Sun. The Winnipeg Sun ran some examples a couple of days after the Budget on what the impact of the Budget would be on a couple of different classes of taxpayers. They used an example of \$49,200 and another example of \$29,200.00. They missed the mark so badly in both cases.

In one case, they were close to \$1,800 out on the amount of Manitoba taxes that that person would have to pay at \$49,200, and they were some \$400 out at the lower level.

But did they retract it the next day? No. Did they print the letter to the editor that I wrote to them saying that this is wrong and here are the proper calculations? Have they printed it to date, Madam Speaker? No, they've conveniently ignored it. They haven't had the common decency or the professional integrity to get up and say yes, we made a mistake and here are the corrected figures. The Winnipeg Sun has not done that. Is that what you call responsible journalism, Madam Speaker?

But that has been nothing compared to what the Winnipeg Free Press has done. The Winnipeg Free Press has launched an all-out attack on this Budget. They've done a lot of it on the editorial pages, which is certainly their right and it's certainly the right of the editorial writers to give their views on the Budget. It's the right, I suppose, of the cartoonist to make all kinds of cartoons about me and one even some members opposite found was somewhat distasteful. That's the one where they put my head on Larry Desjardin's body . . .

SOME HONOURABLE MEMBERS: Oh, oh!

A MEMBER: Oh, Larry will like that.

HON. E. KOSTYRA: I'm sorry, Madam Speaker, I meant the Minister of Health. But even though I found that quite distasteful, Madam Speaker, I still recognize that they were doing it on the editorial pages and that they were expressing their opinion.

But what has taken place on the front pages of the Free Press in terms of this Budget, I think can only be paralleled or can only be compared to what took place when they tried to get a colleague on this side of the

House, the Minister of Energy and Mines, where they manipulated headlines and put all kinds of things together in terms of headlines and subheadlines, and it took a former Chief Justice of this province to tell the Free Press that they were wrong and that they were totally incorrect in what they did.

But let me just give you some examples of what the Winnipeg Free Press has done on the editorial pages but on the front pages. As you're aware, Madam Speaker, the Free Press comes out with a couple of editions everyday. Well, the first edition after the Budget came out with one headline, "Business, Wealthy Targeted in Budget." Well, I guess someone came in that morning after the first edition went out and they changed the headline for the next edition to read, "Budget hits Businesses, Wage Earners," because somebody in the Winnipeg Free Press didn't like what the people did earlier. So they start changing headlines to make sure that they get across what they see as the message from this Budget.

But the worst example of editorializing and manipulation by the Winnipeg Free Press is what took place last Sunday, Madam Speaker, in an article headed, "NDP Budget Hits Lower Income Hardest." There's a couple of interesting things about that article which I want to bring to your attention.

First of all, they go through a number of examples of taxpayers and they use a so-called independent chartered accountant to do this work for them to show the different examples; an independent accountant who donated \$775 to the Conservative Party as reported in the P.C. Annual Return of 1985; an independent, unbiased accountant that obviously has very strong ties to the Conservative Party. So they went for their story to deal with it in an unbiased, independent manner; they went to an accountant with very strong ties to the Conservative Party to come up with their unbiased reporting. I wouldn't have minded, Madam Speaker, if that was admitted up front. Yes, this is the approach and this is where I come from looking at the Budget.

The other thing that's interesting about an article that's dealing with the Budget is that there was no attempt to get any other responses. Usually when reporters are doing their job, they'll get a response from one side, whether it's from the Conservatives, and they'll get opinions from the other side, but there was no phone call made, no request for information, no request to me or my office saying, okay, this is what this Conservative accountant has told us about your Budget. What is your response to that? None, Madam Speaker, not until the next day after the article ran on the Sunday with that headline, "NDP Budget Hits Lower Income Hardest."

Is that responsible journalism? Is that reporting . . .

SOME HONOURABLE MEMBERS: No.

HON. E. KOSTYRA: . . . or is that editorializing on the front page of the newspaper?

If you go through the details of this, it even becomes more incredible. They started their examples at levels which are higher than the average income levels for people in the province and they used their statistics very selectively. They used Stats Canada statistics for the average family income in the province and that's

the correct figure they used -(Interjection)- yes, it is. But if you would look through the rest of Stats Canada's report, you will find out that they take out of that anyone who is not a family and treat their income separately. So if you combine the income of families and those that don't have families together, you find out that the average income for Manitobans, for Manitoba households, is a lot lower. In fact, it's under \$29,000 or it's \$29,000 on average and the medium is \$24,000, the same document that that particular reporter or his researcher used, but a different table, the one that actually reflects the overall income of households in the province, a selective use of statistics to try to prove an editorial point.

If you look through the examples that they gave, you can take those same examples, and if you actually use them in a way that more reflects what different levels taxpayers are paying, you'll find that if you gave to any of those higher income taxpayers the examples that they use, a portion of their income to investment, you'll find a totally different picture arising. You'll find that those individuals would be paying much higher taxes because people at that income level don't receive most of their income from salary when we're talking of over \$200,000.00. Usually people at that income level get a significant portion of their investment from capital gains or from investment income.

But no, they didn't use a realistic example. They used an example that is probably non-existent. Why? Because it was the most extreme case they could find of somebody in terms of that tax bracket. The same is true when they looked at the other end.

The other thing that they didn't talk about at all in that article, which shows the selective nature of the way that the Free Press is editorializing on the front page, is that they didn't show what has happened. They said in that article that this Budget hit the wrong target with budget blast. If it hit the wrong target, I don't know why the Free Press and high-priced tax accountants are so upset, Madam Speaker, and big businesses, if I hit the wrong target.

They also went on to say that tax experts' calculations find big break for wealthy Manitobans. Doesn't that suggest to you that there was a tax reduction for people at that income level? Isn't that what big break means, at a reduction? Contrary to that, there was an increase in terms of their calculations and if you would apportion a good part of that person's income to investment income, which is normally the case at that level, you would find even higher taxes being paid.

What is interesting, Madam Speaker, because I've looked at those same examples and looked at what has happened with regard to the last federal budgets and the actions of the Federal Government over the last number of years, and you know what happens when you look at the impact of the federal budget on some of those taxpayers? You know what happens to that person at over \$200,000.00? That person has seen a reduction in his taxes of \$5,676.00. That's what I call a big break, Madam Speaker, not an increase like the Free Press suggests. That's what I call a big break.

Is there any mention of what has taken place with respect to federal Conservative and Liberal budgets? Nothing. But they've suggested what we've done is a big break for wealthy Manitobans. So it's obvious that the Free Press is trying to take the position by

manipulation of headlines, by selective use of statistics, by using known Conservative sources for their information under the guise of independence to try to convince Manitobans, as the headline suggests, that this Budget hits lower-income people the hardest. That is simply doing damage to the truth, Madam Speaker, in terms of what this Budget does.

I'd like to just talk about that for a couple of minutes so that it is clear on the record in terms of what impact this Budget has on low-income people, but before doing that, I thought I would table for members of the Legislature a document which I think they would have some interest in because it is a comparison of personal taxes right across this country. What we've done is taken a table that was presented in last year's Saskatchewan Budget and adjusted it, based on what changes have taken place in the Manitoba Budget of this year, and also the Alberta and the British Columbia Budgets. We've taken the exact same tables, as I said, that were printed by the Government of Saskatchewan in their budget and made those adjustments.

What does it show, Madam Speaker? Well, at the \$20,000 income level, it shows, taking all the taxes - provincial-income taxes, tax credits, health care premiums, retail sales tax and gasoline tax - that a person at \$20,000 income - and that's a spouse and two children - pays the lowest combined taxes of any province in Canada at that income level - the lowest - even with the changes that we brought in which are progressive and the changes in Alberta and British Columbia. It is the lowest.

I wonder if there are going to be headlines in tomorrow's paper like there was the day after the Budget saying that we've got the highest taxes in the country. Are the new headlines going to say we've got the lowest? I don't think so, Madam Speaker, unfortunately.

What happens when you go up the income scale? Let's go to \$30,000, Madam Speaker. At \$30,000 it changes slightly. We're no longer the lowest; we're the third lowest at the \$30,000 income level, and there are a lot of provinces that haven't brought down budgets yet, but at that level we're still low, we're still below the average in Canada; we're third lowest.

If you even go higher to a level which I think the members opposite would agree are middle or over middle, \$40,000, you'll find that we are in fourth place. Not the highest in the country as being suggested by some of the media and by some members opposite, still in the middle, fourth lowest, Madam Speaker, of all the provinces in Canada, and a good number of them have not yet even brought down budgets to show what kind of impact.

This shows clearly that Manitobans are still receiving benefits through their services that are fair and balanced, and that no matter what and no matter how hard the media and the Conservatives will try to point out, will show that people are still at middle and reasonable levels of taxation in our province.

Unfortunately, the Saskatchewan tables didn't go to the high-income levels, the 60,000 or the 70,000 or the 100,000, and I would admit, Madam Speaker, at that level that we are at the highest levels; but, if you look at those levels, we are at the highest levels of taxation. I don't apologize for that because we are -(Interjection)- The Member for Emerson says I should apologize for

the fact that people at \$200,000 income level in Manitoba are at the highest level. I don't apologize for that. I don't apologize for that at all, just the same as I don't apologize for the fact that a person at \$20,000 income in Manitoba has got the lowest taxes of any province across Canada.

I'm proud to say that's a fact in Manitoba. I believe that's the kind of fairness that all Manitobans believe in, even those at higher income levels. If they know that at least a person at \$200,000 is paying the highest level of taxes and somebody at \$20,000 is paying the lowest level of taxes, I think that most Manitobans will agree that's fair.

There's been a lot of misinformation provided by this Budget. One of the things I found interesting is that the Leader of the Opposition has been kind of quiet about dealing with some of the tax changes in this Budget, other than dealing with it in a very broad way. He hasn't reaffirmed what he said publicly on December 4 where he said it - and maybe it's because some other caucus members there would not agree with them - but he said on December 14 (sic) that the proposal to tax net income - and this was a proposal that we had put forward for discussion - is a laudable goal because it works toward getting those who benefit the most paying their fair share. Does he now refute that comment and he does not agree with the net income tax? We haven't heard him say anything about that and it certainly hasn't been commented on by any of the media in the province in terms of his position with respect to that tax.

The reality is that tax is the fair, responsible alternative that we had as a government in terms of providing for more revenue out of income tax. We could have increased income tax rates themselves, Madam Speaker, but that would have been less progressive than the change we made. We could have gone like Alberta and put a tax on taxable income. That would have been less fair too to Manitobans, particularly those at middle and moderate and lower income, but we chose to take the most progressive way possible, given the circumstances of our present income tax system.

What is taking place as a result of that net income tax? Single people this year, who have incomes of less than \$11,480, are going to pay less tax as a result of the measures in this Budget. They will not pay the full impact of the net income tax until their income, a single tax filer, no deductions other than personal deductions, would not pay the full net income tax until their income is beyond \$22,416.00.

A married person with a dependant spouse and two children would have a tax reduction of incomes less than \$23,780 or \$270.00. They would not pay the full impact of the net income tax until their income level reached \$46,000.00. So they would pay part; they would pay more taxes. We're not saying that people aren't paying more taxes, but I believe that people in those income levels are prepared to pay their fair share knowing that people at higher income levels are paying more and people at lower income levels to them are paying less.

What about a senior citizen? I know that you're concerned about senior citizens, Madam Speaker, because you have many in your own riding and I have in mine. I think I have one of the highest populations of senior citizens in urban ridings next to my colleague,

the Member for Fort Rouge. A single senior citizen will not pay any more tax; in fact, will pay less tax with incomes of less than \$17,140.00. They will not pay the full impact of the net if their income is beyond \$17,140 until their income reaches 34,000.00. Do you know how many senior citizens are in that kind of income range? Very few. The majority of single senior citizens have incomes well below \$17,000.00.

If you look at a senior citizen couple, they won't pay any tax, they'll get a reduction for incomes less than \$22,220.00. They will pay less tax as a result of this Budget, Madam Speaker, not more tax. We didn't scoop into their pockets like their federal counterparts did to take money out of their pockets at those income levels. We put money back into their pockets, which is a reverse of what the Federal Conservative Government did to those same people, the reverse. Yet somehow we've got headlines and comments saying that this Budget impacts on low-income people.

HON. H. HARAPIAK: Unbelievable.

HON. E. KOSTYRA: Unbelievable, Madam Speaker, as my colleague, the Minister of Government Services, says.

What happens with dual income people other than senior citizens? A dual income family with two children will pay less taxes under \$29,250, and they will not pay the full impact of the net income tax changes until their income goes beyond \$54,000, Madam Speaker. So there's a break in terms of the impact of that tax between levels of \$29,250 and \$54,000.00.

What about a farm family? I know members opposite don't care about farmers, they don't seem to talk about it - and try to put figures in the Budget Debate that are totally false, saying that this Budget is going to cost farmers \$1,000 more, and I've already dealt with that.

But a farm couple with income less than \$22,550 will not pay any increased taxes as a result of this Budget. In fact, they'll get considerable reduction in tax because of the change in the net income tax, because of the Cost of Living Tax Credit, and because of our removing a good portion of the school tax on farm land. Those people will get a tax reduction. It's only unless their income goes beyond \$45,000 farm income will they see any payment of the full impact of the net income tax. I know that farmers would be willing to pay their fair share in income tax if they had the kind of income, not the kind of income level that the Member for Virden suggests when he said that farm families are going to be impacted by \$500 as a result of the net income tax.

As I pointed out earlier, they would have to have incomes of in excess of \$54,000 to pay that kind of tax. What farmers, Madam Speaker, have that kind of income level? They would love to have that kind of income level. But that's the kind of false information that members opposite are putting across.

So when people have the opportunity to fully understand this Budget and to look at the fair and balanced way that we looked at providing for services, not taking the hacking and slashing approach of members opposite when they were in government, in Alberta, or in Saskatchewan, not cutting back on services to people in health and education, and

universities, not cutting back like they're doing in Alberta right now for support for agriculture, people know that this Budget is fair and balanced in terms of providing for those services.

I also believe, Madam Speaker, that Manitobans believe that the revenue measures contained in this Budget are fair and balanced. We have ensured that there is the revenue to maintain those services. We have to ensure at the same time that there is some reduction in the deficit, not like Alberta, not like Saskatchewan, where there's a huge increase in the deficit, tax increases, and at the same time, reduction in services. We have been fiscally responsible in terms of providing for the necessary revenue in a fair and balanced way. We've got additional revenue from big business, and I know members opposite are saying, well, that's going to hurt business, that's going to hurt expansion in the province.

Yet at the same time, Madam Speaker, we have the fastest growing economy in the country. We have the lowest unemployment rate in the country. We have increased capital investment in our province, all at a time when we have a so-called socialist government in Manitoba, that they have suggested for years is going to cause ruin. The opposite is true, Madam Speaker. We have been able to work with the private sector and to develop our economy.

This Budget is going to continue us on the path of economic growth. It is going to continue us on the path of social progress, of social development in our province, a balance between economic and social progress, not taking the kind of approach that Conservatives take, where they hack and slash away at social programs, and somehow expect magically that you're going to have economic development or economic growth. This does take a balance of those kinds of needs for services and at the same time create the kind of environment that does allow for economic growth; it does allow for more job creation in our province.

It is a Budget that's based on a basic philosophy, Madam Speaker, a basic philosophy of sharing, one that I think most Manitobans subscribe to. Because I think most Manitobans have the kind of moral commitment that we should share in Manitoba. We should have a fair sharing to ensure that people have needed services, and that those services are paid for in a way that is fair. I believe, no matter how hard the Conservative Opposition will try and the Liberal member to suggest that this isn't a fair Budget, no matter how hard the Winnipeg Free Press will continue to try to manipulate the headlines on the front page of the paper, that Manitobans know that this Budget is fair, that it does provide for the necessary revenue in a fair and balanced way to provide the services, one that is basic to our philosophy as a political party, and one that I think is basic to the philosophy of Manitobans.

I urge all members, even though some of them have spoken against this Budget, to really think in their heart of hearts about that basic moral fabric of our province, the basic moral fabric of sharing, of trying to assist those who are less fortunate of us and vote for this Budget because this Budget does provide for that. I ask them to join with us.

MADAM SPEAKER: According to our Rule 23(5) I'm interrupting proceedings to put the questions on the Order Paper.

On the proposed motion of the Honourable Leader of the Opposition in amendment thereto that the motion be amended by deleting all words after "House" and substituting therefor the following:

Regrets that in presenting this Budget, the Government has:

- (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.

QUESTION put on the amendment, MOTION defeated.

MADAM SPEAKER: The Honourable Opposition House Leader.

MR. G. MERCIER: Yes and Nays, Madam Speaker.

MADAM SPEAKER: Call in the members.

A STANDING VOTE was taken, the result being as follows:

YEAS

Birt, Blake, Brown, Carstairs, Connery, Cummings, Derkach, Downey, Driedger, Ducharme, Enns, Ernst, Filmon, Findlay, Hammond, Johnston, Kovnats, Manness, McCrae, Mercier, Mitchelson, Nordman, Oleson, Orchard, Pankratz, Rocan, Roch.

NAYS

Ashton, Baker, Bucklaschuk, Cowan, Desjardins, Doer, Dolin, Evans, Harapiak (Swan River), Harapiak (The Pas), Harper, Hemphill, Kostyra, Lecuyer, Mackling, Maloway, Parasiuk, Pawley, Penner, Plohman, Santos, Schroeder, Scott, Smith (Ellice), Smith (Fort Rouge), Storie, Uruski, Walding, Wasylycia-Leis.

MR. CLERK, W. Remnant: Yeas, 27; Nays, 29.

MADAM SPEAKER: The amendment is accordingly defeated.

On the main motion of the proposed motion of the Honourable Minister of Finance, that this House approve, in general, the budgetary policy of the government. All those in favour say aye; all those opposed say nay.

In my opinion the ayes have it.

The Honourable Opposition House Leader.

MR. G. MERCIER: Yeas and Nays, Madam Speaker.

MADAM SPEAKER: Call in the members.

Wednesday, 25 March, 1987

Being an hour since I directed that the members be called in, I order the division bells to be turned off.

The question before the House is on the proposed motion of the Honourable Minister of Finance that this House approve, in general, the budgetary policy of the government.

A STANDING VOTE was taken, the result being as follows:

YEAS

Ashton, Baker, Bucklaschuk, Cowan, Desjardins, Doer, Dolin, Evans, Harapiak (Swan River), Harapiak (The Pas), Harper, Hemphill, Kostyra, Lecuyer, Mackling, Maloway, Parasiuk, Pawley, Penner, Plohman, Santos, Schroeder, Scott,

Smith (Ellice), Smith (Fort Rouge), Storie, Uruski, Walding, Wasylycia-Leis.

NAYS

Birt, Blake, Brown, Carstairs, Connery, Cummings, Derkach, Downey, Driedger, Ducharme, Enns, Ernst, Filmon, Findlay, Hammond, Johnston, Kovnats, Manness, McCrae, Mercier, Mitchelson, Nordman, Oleson, Orchard, Pankratz, Rocan, Roch.

MR. CLERK: Yeas, 29; Nays, 27.

MADAM SPEAKER: The motion is accordingly carried. The House is now adjourned and stands adjourned until 1:30 p.m. tomorrow. (Thursday)