



First Session — Thirty-Fourth Legislature
of the
Legislative Assembly of Manitoba

DEBATES
and
PROCEEDINGS
(HANSARD)

37 Elizabeth II

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fourth Legislature

Members, Constituencies and Political Affiliation

NAME	CONSTITUENCY	PARTY
ALCOCK, Reg	Osborne	LIBERAL
ANGUS, John	St. Norbert	LIBERAL
ASHTON, Steve	Thompson	NDP
BURRELL, Parker	Swan River	PC
CARR, James	Fort Rouge	LIBERAL
CARSTAIRS, Sharon	River Heights	LIBERAL
CHARLES, Gwen	Selkirk	LIBERAL
CHEEMA, Gulzar	Kildonan	LIBERAL
CHORNOPYSKI, William	Burrows	LIBERAL
CONNERY, Edward Hon.	Portage la Prairie	PC
COWAN, Jay	Churchill	NDP
CUMMINGS, Glen, Hon.	Ste. Rose du Lac	PC
DERKACH, Leonard, Hon.	Roblin-Russell	PC
DOER, Gary	Concordia	NDP
DOWNEY, James Hon.	Arthur	PC
DRIEDGER, Albert, Hon.	Emerson	PC
DRIEDGER, Herold, L.	Niakwa	LIBERAL
DUCHARME, Gerald, Hon.	Riel	PC
EDWARDS, Paul	St. James	LIBERAL
ENNS, Harry	Lakeside	PC
ERNST, Jim, Hon.	Charleswood	PC
EVANS, Laurie	Fort Garry	LIBERAL
EVANS, Leonard	Brandon East	NDP
FILMON, Gary, Hon.	Tuxedo	PC
FINDLAY, Glen Hon.	Virden	PC
GAUDRY, Neil	St. Boniface	LIBERAL
GILLESHAMMER, Harold	Minnedosa	PC
GRAY, Avis	Ellice	LIBERAL
HAMMOND, Gerrie	Kirkfield Park	PC
HARAPIAK, Harry	The Pas	NDP
HARPER, Elijah	Rupertsland	NDP
HELWER, Edward R.	Gimli	PC
HEMPHILL, Maureen	Logan	NDP
KOZAK, Richard, J.	Transcona	LIBERAL
LAMOUREUX, Kevin, M.	Inkster	LIBERAL
MALOWAY, Jim	Elmwood	NDP
MANDRAKE, Ed	Assiniboia	LIBERAL
MANNES, Clayton, Hon.	Morris	PC
McCRAE, James Hon.	Brandon West	PC
MINENKO, Mark	Seven Oaks	LIBERAL
MITCHELSON, Bonnie, Hon.	River East	PC
NEUFELD, Harold, Hon.	Rossmere	PC
OLESON, Charlotte Hon.	Gladstone	PC
ORCHARD, Donald Hon.	Pembina	PC
PANKRATZ, Helmut	La Verendrye	PC
PATTERSON, Allan	Radisson	LIBERAL
PENNER, Jack, Hon.	Rhineland	PC
PLOHMAN, John	Dauphin	NDP
PRAZNIK, Darren	Lac du Bonnet	PC
ROCAN, Denis, Hon.	Turtle Mountain	PC
ROCH, Gilles	Springfield	PC
ROSE, Bob	St. Vital	LIBERAL
STORIE, Jerry	Flin Flon	NDP
TAYLOR, Harold	Wolseley	LIBERAL
URUSKI, Bill	Interlake	NDP
WASYLYCIA-LEIS, Judy	St. Johns	NDP
YEO, Iva	Sturgeon Creek	LIBERAL

LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, August 10, 1988.

The House met at 1:30 p.m.

PRAYERS ROUTINE PROCEEDINGS MINISTERIAL STATEMENTS AND TABLING OF REPORTS

Hon. Edward Connelly (Minister of Labour): I would like to table the Annual Report of the Manitoba Civil Service Superannuation Board for 1987.

I would like to table the Annual Report for 1986-87 of the Manitoba Labour Board.

Hon. Glen Findlay (Minister of Agriculture): I would like to table the Manitoba Telephone System Report for the nine-month period ending December 31, 1987.

INTRODUCTION OF GUESTS

Mr. Speaker: Before proceeding to oral questions, I would like to draw the attention of all Honourable Members to the gallery where we have 40 visitors from 4-H Open House Canada under the direction of Mrs. Bonnie Latimer. The group consists of 10 members from British Columbia, 10 members from Manitoba and their chaperones. On behalf of all Honourable Members, I welcome you here today.

We also have with us here this afternoon 200 visitors attending the Summer Language Program at the University of Manitoba under the direction of Mr. Matt Certosimo. Most of the visitors are from the Province of Quebec. There is one from Belgium, 16 from Japan, one from Iceland, one from Mexico and one from Turkey. On behalf of all Honourable Members, I welcome you here today.

* (1335)

ORAL QUESTION PERIOD

Budget Tax Relief

Mrs. Sharon Carstairs (Leader of the Opposition): M. le président, when the First Minister (Mr. Filmon) was Leader of the Opposition, he labelled the tax load created by the former Government as "obscene" and, indeed, in his response to the Government's last Budget, the First Minister declared that the NDP "Pretend that there are no new taxes. They have just been built in from that obscene tax grab last year. Last year it was a tax grab; this year it is a tax fall."

He went on to say that "Every Manitoban will be poorer as a result. The bandits of Broadway have struck again," he said, "only this time they did not tell anyone." I ask the First Minister (Mr. Filmon), in terms of his Government's Budget, what difference is there?

Hon. Gary Filmon (Premier): I am glad that the Leader of the Opposition (Mrs. Carstairs) has given me an opportunity to educate her on that matter, because obviously her computer, which she spoke about yesterday, does not have enough information in it. You know, there is an old saying about computers: garbage in, equals garbage out.

Some Honourable Members: Oh, oh!

Mr. Filmon: The information they put in is garbage because that is what they are getting out. I will tell her some of the differences. If she likes she can cut me off at any point because she may be embarrassed to hear, but firstly we have begun the removal of the payroll tax—

Some Honourable Members: Hear, hear!

Mr. Filmon: —increased it so that rather than \$100,000 a payroll, \$300,000 a payroll and under, the corporations do not pay payroll tax. That eliminates about half of the current people who are paying payroll tax off the payroll tax.

We have reconstituted an independent Law Reform Commission and put the money in the Estimates and Budget for that. We have restored RCMP services to Reston and we have reversed the cuts that were going to be taking place under the NDP Budget that was defeated.

We have introduced additional funding for independent schools, \$3.3 million of additional funding for independent schools. We have changed the school tax remittance between school divisions and municipalities to ensure that is being done on a fairer basis. We have removed the cap from provincial-municipal tax sharing in the province.

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please.

Mr. Filmon: Mr. Speaker, I am sure she wants to know more, so she will ask me another question.

Mr. Speaker: Order, please. The Honourable Leader of the Opposition.

Mrs. Carstairs: It was regrettable that the Premier (Mr. Filmon) was never in one of my classes. I might have been able to teach him some listening skills.

Some Honourable Members: Oh, oh!

Mrs. Carstairs: The question was about tax grabs and so is this question about tax grabs. In his speech in 1987, the then-Leader of the Opposition stated that hundreds of thousands of Manitobans will be subjected to the greatest collective mugging that has ever taken

place in this province. I ask the First Minister (Mr. Filmon) when will this mugging stop?

Mr. Filmon: I am not sure whether or not the Leader of the Opposition (Mrs. Carstairs) is an expert on listening skills, but she sure is an expert on talking. The only problem is what she says is not always worth listening to. The fact of the matter is I will tell the Leader of the Opposition what we have done about taxation. We have done what we committed to do during the election campaign.

I will refer her to the Globe and Mail of April 6, 1988, in which the headline says, "Manitoba PC Leader Vows To Hold The Line On Income Tax." And it says, "Mr. Filmon vowed that a Conservative Government would not allow any increase in personal income taxes in his first term in office."

We have not increased personal taxes in this province; we have held the line. As a matter of fact, during that same election time and at virtually the same period of time, Mrs. Carstairs was asked whether or not she could make a similar promise to hold the lid on any increases in personal taxes. I apologize, I should have said, the Leader of the Opposition, not Mrs. Carstairs. She said, and here is what she said in this article in the Free Press, April 15, "she could not possibly promise to hold personal or corporate taxes at the current rate." She could not promise that she said because she did not think that was within the power of the Government to do so. We have held the lid on taxes, and we have also decreased the payroll tax, and we have decreased the education tax, and farm land—25 percent. That is what we have done. We have reduced taxes, Mr. Speaker.

An Honourable Member: Hear, hear!

Mrs. Carstairs: We are talking about windfall revenues and no reduction of tax.

Will the Premier please tell this House why, in light of windfall revenues, there was no tax relief in this Budget from the net income tax in the form of deductibles in the area of children, for child care deductions, for pensioners, for the physically handicapped, and for students?

Mr. Filmon: Four days after the provincial election campaign, the Leader of the Opposition said that we ought not to be removing taxes in this province, not even the payroll tax, because our first priority, after the Dominion Bond Rating Service reduced our credit rating, she said that we ought not to be reducing any taxes until we moved on the reduction of the deficit. We have reduced the deficit by more than a third, by \$115 million. We have done exactly what she said should be done with the additional revenues, and now she has changed her mind. Now she has changed her mind, Mr. Speaker.

Foster Care Funding

Mrs. Sharon Carstairs (Leader of the Opposition): My question is to the Minister of Community Services (Mrs. Oleson).

Yesterday, the Minister said in this House that she would make new foster rates public after she had met with the executive of the Foster Parents' Association. Can the Minister tell the House what offer she made yesterday afternoon to the executive of the Foster Parents' Association?

Hon. Charlotte Oleson (Minister of Community Services): Yes, I had a meeting with the Foster Parents' Association yesterday afternoon, I thought a very meaningful meeting. We sat down and discussed the issue. I told them at that time—and they, I am sure, understand that after seven years of neglect we could not in one Budget increase the rates to what they were asking for. I was able to tell them at that time that we were able to increase the rates this year by 12.5 percent.

Mrs. Carstairs: With a supplementary question to the same Minister, 12.5 percent will not meet any of the needs of those parents with regard to their children. Is this the Minister's final offer, or is it still open for negotiation?

Mrs. Oleson: When I met with the Foster Parents' Association yesterday, I gave them those figures. I also gave them another option that they could look at. They are to meet with my officials again later today to discuss, to let them know what they feel about that. At this time, they have not got back to me with what they are willing to accept or whether or not they will accept the offer.

Mrs. Carstairs: Mr. Speaker, with a final question to the Minister of Community Services—last week, the Minister was quoted as stating that advocacy might well be cut in terms of funding by this Government. Can the Minister inform this House if her department regards the Foster Parents' Association as an advocacy group, or a support group, particularly in the light of the fact that funding to external agencies, external agencies which in their turn fund the Foster Parents' Association, had its budget reduced by some \$792,000 over that proposed last March?

Mrs. Oleson: I do not recall ever saying that I was going to cut funding to advocacy groups, clearly, and then not particularly to this group. I do not know where the Member is getting her information. I will say—and I will repeat that I spoke with the association. We discussed the fact that seven years of neglect with 2 percent and 3 percent, which did not even meet the cost-of-living increases over those years, could in no way be met in one Budget, with a Government that had been in office for three months, and I am sure that they understand that.

Budget Locomotive Tax

Mr. Gary Doer (Leader of the Second Opposition):

I am sure that John Diefenbaker and Tommy Douglas are rolling over in their graves right now when they notice the decision of the Minister of Finance (Mr. Manness) not to reimpose the locomotive tax that we knew the CPR was bending the Government's ear on to change.

Can the Minister of Finance tell this House why, indeed, the reduction from the last Budget to railways, particularly the CPR, was initiated in his Budget at some major loss to Manitoba and its revenues?

Hon. Clayton Manness (Minister of Finance): One thing that John Diefenbaker believed in was fair taxation, as indeed all good leaders in this country believe in. We felt, on this side, that it was time not to increase that major motive fuel tax that is directed toward our national carriers, rail carriers; not only the CPR, but the CNR also.

Mr. Doer: I wonder if the Minister of Finance (Mr. Manness) can tell this House what the bottom line profits were with all the loopholes in the federal taxes for the CPR in 1987, and another company that received a major break from the former Budget to this Budget was Inco, what their final profits were, notwithstanding the increased nickel prices. Why the Minister of Finance would give these two "hard-done-by companies" a break this year and increase things such as Pharmacare?

Mr. Manness: I am unable at this point to tell the Leader of the NDP (Mr. Doer) what the final year-end profits were of Canadian Pacific Limited. I will undertake to provide him that information another day.

Mr. Doer: I have the annual reports of the CPR and Inco in this House, and I was wondering whether you used any information, Mr. Speaker, to make your decision to give a tax break—

Mr. Speaker: Question.

Mr. Doer: The CPR made \$166 million, and they do not need a tax break. Why would the Minister of Finance (Mr. Manness) save \$5 million in terms of tax revenue from the CPR, over \$10 million from Inco, with this change in mining taxes, and increased Pharmacare deductible; not give more money to foster parents in need, not give other improvements in terms of the social services of this province?

Mr. Speaker: Would the Honourable Member please place his question?

Mr. Doer: I wonder where the priorities are of the Minister of Finance (Mr. Manness)?

Mr. Manness: With respect to the wished-for application of a higher motive fuel tax against the railways, I remind the Leader from the NDP (Mr. Doer),

who does not have a strong understanding, first of all, of the very serious drought situation that exists in rural Manitoba; and secondly, does not understand the fact that most companies when they have a tax imposed upon them do nothing more but pass it on to the captive user.

Mr. Speaker, certainly, the Leader of the NDP should understand that point.

Mr. Doer: Certainly, the Minister of Finance should do his homework and know the corporate profits of these companies when he is talking about they "need a break in taxes."

If that is indeed the case, why does the Province of Saskatchewan have the same locomotive tax as we had proposed last February and he had decreased in this year's Budget, foreclosing millions and millions of dollars of revenue to this province? Why is he refusing to do the same thing as the Province of Saskatchewan?

Hon. James McCrae (Government House Leader): I think the Honourable Leader of the New Democratic Party (Mr. Doer) is quickly developing a habit of asking the same questions over and over and over again. There is a rule about repetition in questions.

Mr. Doer: On the same point of order, Mr. Speaker, I asked new information—if he had not heard the question—in dealing with the Province of Saskatchewan. I know it gives the Minister a time to look in his briefing books but it was a different question.

Mr. Speaker: Order, please. The Honourable Member does not have a point of order.

The Honourable Minister of Finance.

Mr. Manness: Mr. Speaker, the motive fuel rate in the Province of Saskatchewan is 15 cents per litre. Presently, in Manitoba, it is 13.6. The new Government made a conscious decision not to increase that tax, as is within their mandate, for basically one reason—that tax would be pushed on to the captive users who today cannot afford it.

* (1350)

Foster Care Funding

Mr. Speaker: Order, please; order, please. The Honourable Member for Ellice has the floor.

The Honourable Member for Ellice.

Ms. Avis Gray (Ellice): Thank you, Mr. Speaker. My question is for the Honourable Minister of Community Services (Mrs. Oleson).

The Minister mentioned in her response to the Throne Speech, "Open consultation, effective management and an innovative approach to new solutions." Her discussions with the Foster Parents' Association, to date, do not suggest openness or innovation and we are not impressed.

Could the Minister tell this House—we know that 12.5 percent is certainly not acceptable by the Foster

Parents' Association of Manitoba—what alternatives does the Minister have to provide alternate care for children come September 1 when the foster parents will not accept new referrals? What alternatives does the Minister have in place for children who will not be in foster care?

Hon. Charlotte Oleson (Minister of Community Services): Mr. Speaker, I reject totally the comments by the Member about not meeting and talking to people about problems. I am disgusted that she would think before I even have an answer from the Foster Parents' Association that they are still going to go ahead with the moratorium. I will wait to hear from them today and not from you.

Ms. Gray: A supplementary for the Minister of Community Services.

Can the Minister assure this House that the Manitoba Foster Parents' Association will continue to receive at least the same level of funding that they received last year? We anxiously await the answer and so do they. They are up in the gallery.

Mrs. Oleson: Mr. Speaker, I am waiting to hear from the association later this afternoon. The funding is in the Budget the same as last year for the association.

Ms. Gray: Mr. Speaker, a supplementary question for the Minister of Community Services.

Could the Minister tell this House if she is willing to have the foster rates increased more than 12.5 percent, given she is asking, by saying they will be increased 12.5 percent, that foster parents in Manitoba subsidize the care of children which is a Government responsibility?

Mrs. Oleson: Of course it is a Government responsibility and, as the Minister of that department, I accept that responsibility. I cannot, however, expect to take the responsibility for seven years of neglect and alter it and fix it up in three months.

Milk Prices Increase

Mr. William Chornopyski (Burrows): My question is to the Premier (Mr. Filmon).

Milk prices have increased as a result of drought and increased processing costs. When will this Government eliminate the minimum retail price for milk and fulfill their campaign commitment or promise?

Hon. Gary Filmon (Premier): Mr. Speaker, I have indicated publicly and I am happy to indicate to the Member for Burrows that we are so committed to the removal of the minimum price on milk and that is a matter that will be announced in due course.

Milk Prices Increase

Mr. William Chornopyski (Burrows): My supplementary is to the Minister of Consumer and Corporate Affairs (Mr. McCrae).

Why was this report not submitted at the same time as the new increases in milk were submitted in that elimination of minimum price is the only way that the working poor and those on social assistance can be protected from this increased cost?

Mr. Gary Filmon (Premier): I believe that the Member for Burrows (Mr. Chornopyski), when he refers to this report, because he has not said which report, I believe he is referring to the report and recommendation of the Milk Prices Review Commission that recommended an increase in the cost of milk to producers and in the retail cost of milk.

In fact, that was as a result of a hearing that was conducted by the board because the milk producers had not had an increase for, I believe, almost three years. With massive increases in cost, particularly as a result more recently of the drought and other factors, they were entitled to some increase and there is a formula by which the Commission has to review that increase. The formula produced a particular increase and that was recommended and in fact has been implemented as a result of the hearings that were held by the Commission earlier this year.

Mr. Chornopyski: Will the Minister guarantee that due to processing and receiving increases—or the processors will receive an increase as of August 15—that all future increases, if necessary, in 1988, will be to the producer?

Mr. Filmon: That whole matter is governed by legislation, regulation, and the Milk Prices Review Commission sets the price based on formula and the returns to the producers are set by virtue of that formula and that is the way in which it will be handled as it always has in the past.

Port of Churchill All-Party Meeting

Mr. Jay Cowan (Churchill): My question is to the Minister of Highways and Transportation (Mr. Albert Driedger).

As you know, last week this Legislature agreed to conduct an intensive all-Party lobbying effort on behalf of the Port of Churchill to ensure that grain was shipped through the port on an immediate basis this year. The first part of that lobbying effort was to be a series of meetings here in Winnipeg with representatives of a number of organizations, including the Canadian Grain Transportation Authority, the Canadian National Railways, the Canadian Wheat Board and the federal Government. One of those meetings was held on Tuesday.

I would ask the Minister if he can advise the House as to who attended that meeting on behalf of the agencies I just listed and the results of that meeting, and further to that, can he indicate—(Interjection)—I certainly was there. If the Premier had listened to my question clearly, I had asked not for advice to myself but advice to the House, because I believe this is an important matter. I believe it is a matter that all Members

of this Legislature, indeed, members of the media and, indeed, members of the general public take a great deal of interest in. I am certain that the Minister would welcome an opportunity to advise all those people who were at the meeting and the results of that meeting.

Can he further confirm or indicate to the House that it was agreed to by the committee that the Canadian Wheat Board is the key actor in respect to ensuring immediate shipments of grain through the Port of Churchill for this shipping season?

Hon. Albert Driedger (Minister of Highways and Transportation): I welcome the question.

I want to confirm the fact that as a result of the committee that was formed last Thursday in this House from all Parties, we arranged the meeting for Monday morning. The group met. We had representatives there from the CNR. We had people there from the grain authority. We did not have representation there from the Wheat Board at the time because the meeting was called on very short notice. I thought we had a constructive meeting that took place. Information is coming forward from the two authorities that we had there. We have rescheduled another meeting for Friday at two o'clock in the afternoon. My staff is in the process right now of trying to get the representation from the Wheat Board as well as the federal Minister responsible for the Wheat Board to attend.

Port of Churchill All-Party Meeting

Mr. Jay Cowan (Churchill): My supplementary in the same matter is to the Minister of Industry, Trade and Tourism (Mr. Ernst).

Last evening, the Minister of Industry, Trade and Tourism and a number of his Cabinet colleagues met with a number of their federal counterparts in the Cabinet room to discuss a number of issues. Included in that meeting, Mr. Speaker, was Mr. Charlie Mayer, the Minister responsible for the Canadian Wheat Board.

I would ask the Minister of Industry, Trade and Tourism if he can indicate to the House if the matter of the role that the Canadian Wheat Board needs to play in ensuring an immediate shipment of grain to the Port of Churchill was discussed? If it was discussed, what was the outcome of those discussions which were held directly with the Minister responsible for the Canadian Wheat Board?

Hon. Jim Ernst (Minister of Industry, Trade and Tourism): Mr. Speaker, about two weeks ago, the Premier met with the Prime Minister of this country to discuss economic development issues for Manitoba. As a result of that meeting, I, along with two of my Cabinet colleagues, was directed to meet with Ministers from the federal Government, the two Cabinet Ministers from Manitoba, Mr. Epp and Mr. Mayer, and the Honourable Bill McKnight who is the Minister responsible for the Western Diversification Fund.

We met last evening to discuss economic development issues for Manitoba, including, I might

add, economic development issues for Churchill. Recognizing the kind of problems that exist in the grain shipment situation today, and that those issues may well happen into the future as well, and that other economic development issues are important, we must deal with those as with respect both to Churchill and the rest of the province.

Port of Churchill All-Party Meeting

Mr. Jay Cowan (Churchill): My final supplementary then is to the Minister of Highways and Transportation again (Mr. Albert Driedger).

Given that the all-Party committee agreed that discussions with the Canadian Wheat Board was at the heart of the issue in ensuring immediate grain shipments to Churchill, and given the fact that the Minister responsible for the Canadian Wheat Board was meeting with other Ministers last evening and did not attend, or did not call upon, or did not ask for a meeting with the all-Party committee, does the Minister of Highways and Transportation feel that the meeting that was held between his colleagues and federal counterparts ran contrary to the intent of the resolution which called for an intensive all-Party lobbying effort on behalf of the Port of Churchill with all the representatives who are most responsible for that shipping season?

* (1400)

Hon. Gary Filmon (Premier): Mr. Speaker, I want to absolutely make it clear that the meeting last evening was set up as a result of my visit to Ottawa with the Prime Minister. At that time, we indicated concern about a number of issues. I indicated concern about a number of issues. But on the area of economic development, extension and renegotiations of ERDA Agreements, other cost-shared federal-provincial agreements for the expansion of Manitoba's economy, this meeting last evening was set up for that. It had absolutely nothing to do, nor was it involved in any way, with the resolution which had not been passed at the time that the Prime Minister and I agreed to that meeting.

Mr. Speaker: The Honourable Member for Churchill (Mr. Cowan), with a final supplementary.

Mr. Cowan: That is my point entirely. The Premier (Mr. Filmon) has made the point—

Mr. Speaker: Question.

Mr. Cowan: —that is, the Minister responsible for the Canadian Wheat Board, a senior representative of the Canadian Government, was in the Province of Manitoba and the all-Party committee was not asked to meet with him.

My question is to the Minister of Highways and Transportation (Mr. Albert Driedger). Does he not believe that meeting, which would have allowed for an opportunity for all representatives in this Legislature to lobby on behalf of the motion which was passed

unanimously by this Legislature, the Canadian Wheat Board and a federal Minister, undermines the efforts of the all-Party committee that was struck in this Legislature?

Mr. Filmon: We have indicated as a Government, and I have personally indicated, our commitment to the Port of Churchill to ensure that we do everything possible to make sure that the Port of Churchill remains viable and that we ship grain through the Port of Churchill. If the Member for Churchill (Mr. Cowan) is indicating that he would want to forego all of our economic development initiatives in Manitoba, that he would want us to say to the Honourable Charlie Mayer that he could not come here to discuss economic development initiatives, the extension of our ERDA Agreements and all of those things unless he was prepared to meet with the all-Party committee on the grain handling at Churchill, then I think he is doing a disservice to the province as a whole.

Remand Centre Delay

Mr. Paul Edwards (St. James): My question is for the Honourable Attorney-General (Mr. McCrae).

We have all been impressed, I am sure, by the eloquence and passion with which the Honourable Attorney-General has spoken of the horrendous circumstances at the Winnipeg Remand Centre. I believe we have all been impressed, I will reiterate, by the Honourable Attorney-General's great eloquence when speaking about the terrible conditions at the Winnipeg Remand Centre—I included in that group. He has visited the centre, he has told us, as I have, and he knows the inhumane conditions which exist at the centre. Yesterday, the Honourable Minister of Government Services (Mr. Albert Driedger) indicated to the press that the only monies being made available in this Budget are more planning monies for the new Remand Centre.

If the situation is intolerable, then it surely is time to act. The Honourable Attorney-General is becoming—

Mr. Speaker: Question.

Mr. Edwards: —the Minister of Wait and See. This Government has apparently put off all the tough choices. My question is when will construction start? Why is the foundation not being dug this fall?

Hon. James McCrae (Attorney-General): I thank the Honourable Member for the question, because it does give me an opportunity to correct an incorrect impression which may have been left in the minds of readers of the Winnipeg Free Press today when the headline suggested a six-month delay in construction of the Remand Centre. I have said repeatedly to those I have discussed this matter with that the maximum delay on the matter is about two months.

The original start time was around November. It appears that, because of delays caused by electoral matters in the Province of Manitoba, that will indeed be delayed until about January of 1989. Plans call for a finalization of design work and planning during 1988-

89 with construction to start in 1989-1990. The fact is that, for this year, \$997,500 is budgeted for this, and expenditures to date have been about \$500 for the planning stage. Maybe the Honourable Member wants us to dig a hole before we know what we are going to put in the hole.

Mr. Edwards: Perhaps we should find out where exactly that hole is going to be first, and there seems to be a bit of a communication problem. It is a fairly substantial one between the two Ministers. People are being neglected and treated like animals.

Mr. Speaker: Would the Honourable Member please place his question?

Mr. Edwards: Has the Honourable Attorney-General (Mr. McCrae) even chosen a site? It is surely time to go on record with that if the Attorney-General truly believes that this situation is intolerable.

Mr. McCrae: That Honourable Member does not have to tell me what the people in the Remand Centre here in Winnipeg are living under, conditions they are living under. I am absolutely disgusted with the kind of comments that I am getting from that Honourable Member dealing with the Remand Centre. I had occasion to visit that place and I am telling you that place is not fit for human beings, so this Honourable Member does not need to light any fires under me on this issue.

Mr. Edwards: The Remand Centre, as with the Land Titles Office problem, is getting the wait-and-see treatment. We know that from this Budget.

Mr. Speaker: Question, please.

Mr. Edwards: Finally, let me ask the Honourable Attorney-General (Mr. McCrae), given that the Honourable Minister for Government Services (Mr. Albert Driedger) indicated what that occupancy will be in 1990, what plans has he got for the next two years if this problem is intolerable to deal with those who have to stay at the Remand Centre now?

Mr. McCrae: Under the circumstances, we, at the Department of Corrections, are doing the best we can housing people on Remand at Headingley and making the arrangements that we can.

The Honourable Member talks about wait and see. I remind the Honourable Member that Remand Centre has been around for some time. I have been here for three months. I am working as diligently as I can, and my colleagues are supportive in this effort. There has been a minimal delay with regard to getting going with the Remand Centre. The Honourable Member says that is not good enough. It is very easy for the Honourable Member, earlier on, to sit also in his seat and suggest that we are not spending enough money. I wish he would spend a little time with his leader, the Leader of the Opposition (Mrs. Carstairs), because we would really like to know which direction Honourable Members opposite are coming from. They are not trying to have

it both ways. They are trying to have all ways, and that is not possible. The people of Manitoba can see through that kind of tactic.

* (1410)

Assembly of Manitoba Chiefs Meeting

Mr. Elijah Harper (Rupert's Land): My question is for the Premier (Mr. Filmon). It concerns the meeting of the Manitoba Assembly of Manitoba Chiefs, currently occurring in Winnipeg.

I understand the Premier has refused to attend this important conference, and I am sure the Premier would want to advise the Members of this Assembly, and indeed all Manitobans, as to why he would insult the Indian leaders by refusing to represent the province at this function. Would the First Minister explain to this House why he is insulting the aboriginal people in this province?

Hon. Gary Filmon (Premier): In March of this year, I met with the Assembly of Chiefs and, at that time, I made a commitment to enter into consultation and discussion to develop a good relationship between the Conservative Party in Government and the Native peoples of Manitoba. I told them that I would be willing to meet with, listen to, and act upon the needs and the concerns of the Native peoples of Manitoba. That was in March.

I might say that, in April, I met with the northern Chiefs who were involved with the Northern Flood Agreement, and I once again made a commitment to meet with them and to discuss their issues and their concerns, and to set about to solve many of the differences between the Native peoples, the Native communities, and the Government of Manitoba.

I subsequently have gone up and visited a number of Native communities, including Island Lake, including Norway House. I have subsequently met with the representatives of the Assembly of Chiefs. In fact, just last Thursday in my office, I met with Chief Louis Stevenson and three of his representatives. I am also scheduled to meet with the northern Chiefs on Friday of this week.

We are setting up a good relationship, a dialogue between them, one based on mutual respect and consultation. We are doing that because we believe it is important to have a good relationship with not only the Assembly of Chiefs but all the Native peoples of Manitoba.

Mr. Harper: Mr. Speaker, since the Minister has had nearly two months to schedule his priorities, would he explain to this House why aboriginal issues are so low on his agenda?

Mr. Filmon: Mr. Speaker, in addition to all of those things that I have done and listed for the Member for Rupert's Land (Mr. Harper), my Minister responsible for Native Affairs (Mr. Downey) has met virtually weekly

with some elements of the Native community. He has commissioned a study of the Native Affairs Secretariat of the provincial Government to ensure that we are doing things to assist in the establishment of not only a good relationship but the meeting of the needs and the concerns of the Native peoples of Manitoba.

In addition, we took the Commission of Inquiry into Natives in the Justice System with a budget of just over \$300,000 that the former administration had established and raised that budget to the level of almost \$1.5 million to satisfy the real needs and concerns about Natives in the justice system. I met with the commissioners, Judge Sinclair and Judge Hamilton. I met with people from the community with respect to that inquiry. We are establishing a very positive relationship with them, and we are showing our respect for and our concern for the needs of the Native people of Manitoba.

Mr. Harper: Mr. Speaker, my supplementary question is to the Premier (Mr. Filmon).

Does the First Minister feel that accusing aboriginal leaders of threats and ultimatums is a constructive way to deal with the aboriginal people, as he did in his letter to the provincial leader of the Assembly of Manitoba Chiefs?

Mr. Filmon: Let me tell you that the Member for Rupert's Land (Mr. Harper) is reading from a letter which I transmitted to Chief Louis Stevenson just yesterday in response to Chief Stevenson's letter to me.

I might say that I was very, very disappointed that I spent well over an hour with Chief Stevenson and his representatives agreeing on an agenda of topics that would be covered by the Minister of Native Affairs (Mr. Downey) when he appears at the Assembly on my behalf tomorrow, which he will. We agreed on that agenda and we agreed that many items, eight of them, would be addressed by the Minister in terms of where the Government stood and what action the Government intended to take. No sooner was that meeting over but Chief Stevenson went out, spoke with the media and suggested that, if we did not take certain action—and we had agreed that we would give him a response on that matter on Thursday of this week. He went out after more than an hour of meeting and he said that he would take us to court if we did not take certain action for him.

He then put in writing certain comments that were threatening and that were very, very confrontational after we had had a very positive meeting at which the only thing we had agreed upon was that we would give them responses delivered by my Minister of Native Affairs (Mr. Downey) to their Assembly this week. I said to Chief Stevenson that it is my desire to establish a positive relationship, and I hoped that he would cooperate and the Chiefs would as well.

Mr. Speaker: The time for oral questions has expired.

Hon. Jim Ernst (Minister of Industry, Trade and Tourism): Mr. Speaker, I would ask leave of the House to make a non-political statement.

Mr. Speaker: Does the Honourable Member have leave. (Agreed)

NON-POLITICAL STATEMENT

Hon. Jim Ernst (Minister of Industry, Trade and Tourism): Mr. Speaker, last night at about five o'clock, I had the opportunity of participating in the opening of one of the largest soccer tournaments in the Province of Manitoba. That soccer tournament was sponsored by Folklorama as part of their annual festival in this province. Some 91 teams from four provinces and three states are participating in that event, about equally represented by boys and girls, men and women.

This soccer tournament goes a long way to assisting understanding amongst the people in this country and in our neighbours to the south. Pavilions have sponsored individual teams from without the country and even within the city itself.

I think that all Members of this House should congratulate the Folk Arts Council and the Folklorama Organizing Committee for the Manitoba Folklorama Soccer Tournament, and congratulate the organizers and the participants for one more way of bringing about world peace.

Ms. Judy Wasylycia-Leis (St. Johns): Could I also ask leave of this House to make a non-political statement?

Mr. Speaker: Does the Honourable Member have leave? (Agreed)

Ms. Wasylycia-Leis: I would like to thank the Minister of Industry, Trade and Tourism (Mr. Ernst) for raising this important matter before the House, and add a few brief comments on the record about the Manitoba Folklorama's Soccer Tournament.

In the past, I have had the privilege also of participating in the openings of this very important soccer tournament, and would like also to commend Folklorama and the Folk Arts Council for continuing on with the tradition of holding this tournament, of expanding it yearly, and of using it as an opportunity to encourage cooperation, understanding and peace between the many different groups in our society. I, too, would like to congratulate all those who participated and all those who organized this very important event.

Mr. Gulzar Cheema (Kildonan): Mr. Speaker, I would like to ask leave to make a non-political statement.

Mr. Speaker: Does the Honourable Member have leave? (Agreed)

Mr. Gulzar Cheema (Kildonan): As Members likely know, Toronto recently hosted a meeting of Commonwealth Foreign Ministers to discuss the worsening situation in South Africa. We would like to encourage the Government to take a leadership role in the international community, a role with a clear objective, to dismantle the racial apartheid system in South Africa. Canada is well placed to step the pressure up on Pretoria, and an effective next move would be

the imposition of mandatory and comprehensive sanctions.

We want to take this opportunity to encourage the Minister of External Affairs to continue to fortify his pursuit of justice in South Africa. Apartheid is a malignant cancer that needs treatment now. Canadians are appalled by the unspeakable injustices committed in that troubled part of the world, and they look to the national Government for future leadership. Thank you.

HANSARD CORRECTION

Mr. Harold Taylor (Wolseley): I rise here for a Hansard Correction that appeared Tuesday, August 2, first line of the third paragraph, the third word missing entirely is "originally," and I would like that added in, please. Thank you.

ORDERS OF THE DAY

BUDGET DEBATE

Mr. Speaker: On the proposed motion of the Honourable Minister of Finance (Mr. Manness), standing in the name of the Honourable Member for Concordia (Mr. Doer), the Honourable Member for Concordia.

Mr. Gary Doer (Leader of the Second Opposition): Thank you very much.- (Interjection)- Yes, it is an echo from the past and it has that deep sound. I wonder whether the Member for Lakeside (Mr. Enns) was part of that caucus decision to go from their macho thumping that they were so proud of years ago to the more Mulroney-like clapping that they have adopted this year.

Mr. Speaker, on a very serious note, it is indeed an honour and a privilege to speak on this Budget—this Budget that could be—of course is the first Conservative Budget in some seven years and I would suggest that this Budget should be labelled "The Budget of Lost Opportunities," in terms of the people of Manitoba. I say that very sincerely. I know from first-hand knowledge that Ministers of Finance for years have had to wrestle with continuing challenges on our services and continuing decreases in revenue from a number of different sources.

Governments over the years, whether they are Conservative or New Democrat, or under the former federal Liberal Government, have been faced to deal with the situation that has developed in the Seventies and Eighties of diminishing revenues in a relative sense and very, very hard challenges. The days of just being able to spend your way out of problems had to change over the Eighties. Ministers of Finance, and indeed Governments of all political stripes, had to begin to manage their way out of those problems, often with some very unpopular decisions, whether they be taxation or cuts, or accommodation of both, but often Ministers of Finance have been faced with very, very tough times in terms of the decisions that they have to make and present to this Legislature, and to Legislatures across this country.

I think, Mr. Speaker, that I knew on March 31 that this would be a different year because I had the

opportunity as the newly-elected Leader of our Party, in the middle obviously of an election, to get a look at the revised books and numbers in those books. I was absolutely delighted to see that federal revenues would be increased. I was delighted to see the predictions on the mining tax would produce considerable more revenue, and I was delighted to see that the strong economic conditions of Manitoba over the last year had produced more positively results than we have first predicted for the last fiscal year and projected to go into the next fiscal year.

We had the opportunity to deal with that issue and I know that the public will always greet election promises, particularly as perceived as death-bed election promises, in somewhat of a cynical atmosphere, and I respect that. But we had the opportunity to make some changes. I thought we could make some tax breaks of about \$58 million for middle-income families, particularly those with children who were suffering the most from the economic conditions, and that is why I personally made a pledge to maintain the deficit level and also make those changes of some \$58 million.

I rejected always the thought of rolling back the payroll tax which I knew was some \$200 million in this province. No problems with changing the threshold; we had done it a couple of times ourselves, but I had rejected for a number of different reasons the concept of taking away \$200 million. We could not afford it; our social services and health could not afford it.

We see again today that the Party that promises multi-year budgeting and multi-year funding and multi-year spending estimates on its only major economic promise could not give the people of Manitoba a multi-year projection of how they were going to eliminate their major economic promise and where they were going to get the \$200 million over the next three years as they had promised the people for the health and post-secondary levy.

Mr. Speaker, the Member from his seat who called the last Budget a "fraud" and who comes back with the same Budget for his own department this time should be very careful to note that his own Party had said that they had a plan, they had a vision, they had the numbers and it was only a matter of the Lieutenant-Governor swearing them in. Well, obviously, they did not and I suggest that the four-year multi-year budgeting prospect that they had suggested was merely wind and bear track perhaps, in terms of this Session.-(Interjection)- no, I only used the term "rabbit tracks" with the Honourable Member for Pembina (Mr. Orchard).

* (1420)

Mr. Speaker, I asked the question today on the CPR for a very specific reason. I know that the CPR had told people informally that they were going to get the ear of this Government. They had good contacts in this Government and they were going to get the ear of this Government to get that terrible tax, the same tax as in the Province of Saskatchewan, rolled back in this province.

I actually did not believe the rumours. I did not think any Government could say no to \$5 million or \$6 million,

and a corporation—if they had read the financial statement—that made \$166 million, that has done very well, by the way, on behalf of western Canadians for years with land grants and tax grants and this deduction and that deduction and this break on transportation and this subsidy, I did not think for a minute that any Government with any backbone would, indeed, roll back that tax provision, which was the rumour that was going on. I think this symbolizes this Budget.

This is a Government that really does not have any backbone. It did not have the backbone to stand up to the CPR. When Inco came in, it gave Inco—another corporation that is getting tremendous profits this year and I am glad that they are doing well because it is good for the province—but I would suggest that Inco will go up \$180 million to over \$1 billion in profits this year in its operations in Canada. Again, notwithstanding all the little Egypt bumps and everything else that is in the tax laws of this country, they will do very, very well and certainly could afford the \$10 million extra in the Budget that the Tories rolled back from the Budget that was presented last February.

There are comments being made about this Budget mirroring the New Democratic Budget of February. There are some similarities, there is no question. The spending levels in this Budget are ahead of the spending levels of the former Budget, and that is in spite of the fact that almost every spending decision has been frozen for five months because of the election and the change in Government.

So when you really look at the year-over-year cost, all these people have been ringing their hands and telling everybody oh, we are meeting till midnight, we are meeting till midnight, it is terrible—those Budget Estimates. They could not make any tough decisions at all, Mr. Speaker, and indeed, are coming in with higher spending levels than we did because again they do not have the backbone.

On the one hand, they could not deal with the corporations in terms of the tax breaks. The only winners out of this Budget, the only winners with this windfall money, which I suggest is a one-time only phenomena, is not the Department of Education with low funding from us and from you. It is not the Pharmacare people that we had said "No" to in this last round of Budget. I would like to see that money from the CPR go to stop the Pharmacare deductible increase which is about \$1.8 million to \$1.9 million, the decision we made last January as opposed to the Conservative decisions.

We also see in terms of spending that there is a mentality to throw money at problems rather than trying to reform the spending habits. Mr. Speaker, there is no question we believe that the Department of Health needed a major amount of money, and we did table that amount of money in the last Budget. Not only did we put a considerable amount of money into the Budget of the Department of Health, but we had doubled the amount of community-based and preventative Health Budget in the last Budget that was defeated by the Conservatives and Liberals, we had doubled the amount of money available for preventative programs, we had doubled the amount of money available for innovative

community-based health projects, we had doubled the amount of money that would be available to groups in the community so we could take some of our resources and some of our funds from the insatiable institutional health care system that is so vital to us but that is continuously eating up our health care dollars at double the rate of inflation, eating up our health care dollars at twice the rate—four times the rate in this Budget—of the predicted gross growth rates in this province.

* (1430)

So we have no reform. We are going to have the institutional Pacman and the health care system continue to eat up the Budget of the Department of Health, and because the Minister of Health (Mr. Orchard) does not like a rough time in this House and does not like a rough time in Manitoba, he is going to continue to throw money at it. He is not going to reform the system because he does not have the creativity or the initiative or believe in the community. He is just going to throw money at the traditional institutions in our health care system and we will be a lot further off from health care reform when the day that Government leaves office than we are in terms of this office. No question about it, Mr. Speaker.

It is rather ironic. We always enjoyed the Minister of Health when he was in Opposition because he did do his homework. We also knew that he was a bit of a bully in this House and quite frankly enjoyed it. I know we predicted that he would be a bully in his Cabinet in terms of protecting his backside when it came to any controversial issue in the Department of Health and I can see the Minister responsible for the Treasury Board kept the Member for Pembina very, very safe. Unfortunately, safe is not creative and creative in terms of our health care system is what the order of the day is now and, unfortunately, we do not see that manifested in this Budget.

It was again ironic that the priorities of the Tory Budget returned to the old trickle down theory. There are a few subtle changes in this Budget and it all came back to the old trickle down theories that the Tories used to practise under the days of their former Government between 1977 and 1981; that old theory that if you gave money to the companies it would just trickle down into the hands of the consumers, and when it trickled down into the hands of the consumers that would indeed develop growth in employment. Along with that theory are predictions that the growth rate in this province would start to go down below the national average. Even the Minister of Finance (Mr. Manness) has shown us graphs in the Budget showing three out of the last four years Manitoba was indeed ahead of the national average in terms of growth.

We know that six out of the last seven years Manitoba was ahead of the national average. In fact, it was the second or best province in the country in terms of unemployment rates. We know that. Even their own philosophy and their own priorities that snuck into this Budget through the spending that was similar to the New Democratic Budget that was defeated shows a clear lack of optimism and a clear lack of any growth in the economy. Indeed, they are going to promise

growth below the national average as opposed to the fact that six out of the last seven years growth exceeded the national average, indeed, in this country.

Hon. Don Orchard (Minister of Health): I wonder if the Leader of the New Democratic Party might entertain a question?

Mr. Doer: Again we have four years prediction for the \$200 million extra payroll tax. We have absolutely no plan, nothing tabled with the public in terms of how they are going to achieve it, notwithstanding all their great speech on multi-year budgeting. We said we would not do it because you could not afford it. The Tory priorities were the CPR, Inco, and payroll tax deductions, and increases in Pharmacare, and increases in costs to the citizens. The Conservative Budget increases administrative costs to the people of Manitoba. The great Treasury Board types in the Conservative Government who promised there would be millions and millions of dollars to save through their effectiveness and efficiency increased administrative costs totally in the province.

Indeed they have a tremendous problem ahead of them because the Minister of Finance, on behalf of their Government, has stated for the public record—and let him be held accountable for this prediction—that he would decrease spending below the inflation rate, that he would keep unemployment at 7.5 percent, that he would indeed lower the deficit in the next year; and indeed the Minister of Finance has put in writing that he would come in with a plan to reduce \$50 million or \$60 million in the payroll tax, the health and post-secondary tax, next year.

I hope he can do it on behalf of all Manitobans, but let him stand in this House and be held accountable if those predictions do not take place, because there is no way, with an unemployment rate already above what they had predicted in their Budget, an unemployment rate that is, and before their paper is even dry on the Budget, half a percent higher than what they predicted, an unemployment rate that has doubled for youth over the period of time before we left office, an unemployment rate that we knew in 1977 and '81, was one of the highest in the country, for western Canada, an unemployment rate that is starting to climb up because of their slavish philosophical belief in the Ronald Reagan trickle down theory in the terms of this province. It failed before, and I hope it does not fail again on behalf of Manitobans, but I am very, very worried, and so is our caucus.

This Government did lose opportunities to change their spending habits. I would like to point out a couple of examples. They took the path of least resistance, all the way through this Budget, set of Budget Estimates. Any time there was a tough decision to be made, they could not make it. Any time there was a tough issue to be dealt with, they could not follow through on it.

I will give you an example. It is not the most popular example, but I would like to be forthright and honest about it. In the early Seventies, there was continual growth in all provincial revenues and all federal revenues and, indeed, we instituted a municipal tax sharing

agreement with the municipalities, money that would share corporate tax, and money that would share personal income tax. The assumptions of the Seventies are not the challenges of the Nineties. The things that are going to cost money, the areas which will challenge Governments collectively, whether they are municipal, federal or provincial, are different than they were in the Seventies. They are very different kinds of challenges. Even the City of Winnipeg's own planning document stated that the major challenges to the City of Winnipeg in terms of its citizens, not in terms of its Government, but to its citizens, which is a responsibility that we all have, was in the area of health, that health would be the continuous, tremendous pressure on the economy of the province and the economy of Winnipeg.

The second area, of course, is in the area of the environment, another tremendous challenge. Now who carried the primary responsibility for those areas? It is not the municipalities that carry those challenges of delivering those services to the citizens of Winnipeg, or to the citizens of other municipalities. So we decided, because we carried the challenge, that we would cap the municipal grants. We knew that municipalities would complain, and we knew there would be flak, and we knew that we would get criticism. But we also knew that the biggest pressure for spending, if you look at the next 15 years, for any one of us on behalf of the citizens, was going to be in the area of health care. There is no question about that. And we knew that the province carried that responsibility, so we capped the grants to municipalities because their challenges, their demands were a lot less than the demands of a provincial Government, indeed this provincial Government and its next Budget. Yes, yes it was negative, it was negative. It got criticism, but if we are going to meet the challenges of maintaining our funding to our health care system, which are all projected to be at Gross National Product, plus 2 percent, you have to make a tough decision. If you are not willing to make the tough decisions today, you will not have the money to deliver the services tomorrow.

We did not follow the radical right route of Saskatchewan, where they decreased all the funding to municipalities, decreased the capital spending, decreased the grants, decreased the education funding. We did - (Interjection) - Yes, we decreased the capital grant because the assumptions of the Seventies, the assumptions of the "good old days" are no longer in place, in terms of the challenges of the Nineties. No, the conditions of the Seventies are not the same as the conditions of the Nineties, and that is the fault that this Minister of Finance (Mr. Manness) made, when he dealt with his windfall opportunity in this Budget.

The second example of where the path of least resistance was taken in this Budget in its spending was in the area of health reform. I have said it before, they are throwing money at the traditional institutional resources of health. That is easier in the short run. We could be accused of doing that ourselves over the years, but we did come to the realization that to continue just to throw the money at the insatiable, traditional institutional resources, in the long run, would not help reform our health care system; so we moved money over, to double the amount of money for prevention

in our health care system, and to put more money in the community. The Conservatives, unfortunately, denied that type of reform, and did not include it in this Budget.

They also have, I think, a terrible beginning of a new style of presenting finances to the Province of Manitoba. We have for the first time ever, and that includes Ministers of Finance through the Roblin years, Ministers of Finance through the Schreyer years, including Ed Schreyer himself, and Saul Miller, Ministers of Finance through the Lyon years, whether it was Mr. Craik or Mr. Ransom, or Ministers of Finance through our years, we all used the Department of Finance's numbers to be tabled in a very objective way in this House.

We would debate the revenue decisions, we would debate the spending decisions, we would debate the priorities, but we all used the Department of Finance, and the Deputy Minister of Finance. That is one of the great facts of our Department of Finance over the years, that we all relied on the department, and the Deputy Minister of Finance's numbers, in terms of our Fourth Quarter results. We did not go into untendered outside audits that were pre-audited before they took place. I am really worried that we are on a slippery slope, that every time a Government changes we will go out and find a compatible, appreciative auditing company that will be able to do the things that we may want them to do. I find it very, very serious in this province, that the Minister of Finance (Mr. Manness) stated on Monday, the same day that he was tabling his Budget, that he felt an outside, untendered audit firm had more credibility than the Department of Finance.

I think that is a tremendous slap in the face of the Deputy Minister of Finance, and a tremendous slap in the face in the process that Manitobans have used for 30 years in determining, in fact, even before that, even in the Campbell years, in terms of determining their Budget priorities of spending.

The economic outlet tabled in this Budget is perhaps the biggest defamation of the Budget that was presented by the Minister of Finance (Mr. Manness). Six out of the last seven years we have had growth above the national average. And this year, with this new optimism, this new sense of purpose, the Minister of Finance has to admit to the people of Manitoba that our growth will be below the national average. Mr. Speaker, you should read your own tables. The Minister's own tables have three out of the last four years, we had growth above the national average, and if you were to go back further, it would be six out of the last seven years.

I have already mentioned the unemployment rates. I wonder whether the Minister of Finance is going to change his predictions. He is already a half a percent off in the unemployment rates and, more tragically, he is away off in terms of youth unemployment, in terms of this province. I am hearing business people starting to whisper that again we are starting to see a slow down in the economy. We are starting to see the building cranes start to disappear, we are starting to see the house for sale signs starting to increase, we are starting to see the first signs of a slow down in our economy. Tory years, unfortunately, are tough years, and I am

afraid we are going to see it again, with the kind of economic philosophy of Members opposite.

What do we have as an economic philosophy? Free trade, free trade, free trade. No comment, on the fact that the Wheat Board Advisory Committee is now recommending against it. No comment, on some of the industries that— The Wheat Board Advisory Committee is recommending, the elected farmers body has recommended that wheat be exempted from the Free Trade Agreement, and if it is not exempted from the Free Trade Agreement, they say get out of this Free Trade Agreement. The Minister of Finance (Mr. Manness) better check the results of that.— (Interjection)— I have the facts, Mr. Speaker.

* (1440)

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please. The Honourable Member for Concordia.

Mr. Doer: Thank you, Mr. Speaker. I knew the Members opposite would be pretty sensitive when the elected farmers group asked for the exemption of the Wheat Board, but I am not surprised they did when they read the U.S. agricultural report on the problems of this Free Trade Agreement.

I wish they would read some documents. I will give them the U.S. Energy Report on the energy sectors. I will give them all kinds of reports if they promise to read them because I think this is very, very serious.

Mr. Speaker, one of the ultimate ironies in this Budget is they brought in a provision for small business which I think is not bad—in fact, I know it is not a big financial issue—but I wonder whether the Minister of Finance (Mr. Manness) has read some of the sections of the Free Trade Agreement.

I wonder of his preferential parts of the small business. I would ask the Minister to read Section 105. I wonder if he has a legal opinion to table whether in fact this tax holiday for small business in Manitoba would be eligible to countervail by American small businesses in the same industry in terms of the tax holiday he has put in his Budget. I would like to see his legal opinion on that.

Mr. Speaker, moving on to some of the specific areas of the Budget, we again see and applaud the provisions in the agricultural budget. We applaud the provisions in terms of drought relief. There is no question that was a new set of circumstances that we could not anticipate. I hope that all Members of this House play in a very comprehensive and fair way on this drought.

I notice the Premier (Mr. Filmon) had a great deal of pleasure talking about the Hydro losses from last year. I hope he is accountable about the Hydro losses this year because of the drought as he attempted to point the finger at the former Minister of Energy with the drought from last year. We will have to see whether we can manage the drought in the same way in terms of the bottom line when we look at the figures next April 1 in terms of the Manitoba Hydro.

Mr. Speaker, we look forward to looking at Hydro and the drought and all issues in a very comprehensive way.

We were pleased that the Government maintained the \$12 million expenditure for the education tax removal of farm land, but we would have thought that, given their promises, they would have had further predictions into following years on that farm land tax removal.

I also cannot understand why the Government did not proceed with rural telephone services that were ready; indeed, in fact ready the day we were defeated. I think it was only fair to wait for the single line program to come in place, the Government to take a look at it. They have had three months.

On the one hand, we have nothing for rural telephone services some four months after they are elected, and they are slipping in a little increase in Winnipeg on a bureaucratic basis, something we said “no” to.

I have not even heard a murmur in terms of Wilson’s tax on telecommunication which hit rural Manitoba and rural Canada a lot harder than it does urban dwellers in terms of that telecommunication tax. I would hope that the Members opposite can pick up the phone and get rid of that tax that is hitting rural Manitoba very hard.

Mr. Speaker, talking to everybody on part of the transportation budget, they were certainly surprised when we heard some preliminary talk about tolls. I see that is not in the Budget. I know that the Member for Emerson, the Minister of Highways (Mr. Albert Driedger), was taken into the woodshed, but I thought he would have come out with some more money the other way.

* (1450)

Certainly, the expectations were higher in terms of what they would be doing for Highway 75. I would agree that they are moving in a more rapid basis on Highway 75 than we were, no question about it. But where is the plan? When are they going to be completed? And \$7 million to meet all their highway promises is, to quote the Member for Roblin-Russell (Mr. Derkach), “a fraud.” It is a fraud in terms of what they promised and what they delivered in this Budget, no question about it. Ask the people on Highway 8 where we are getting this checkerboard highway development all based on who is elected in terms of the Legislature of Manitoba.

In terms of industry, trade and technology, the Government is claiming to have greater success by combining small business and large business together. Even the business community themselves divide themselves into different organizations to lobby on behalf of their groups because they, too, recognize that the interests of small business and the issues facing small business are quite a bit different than the issues facing large business. There is a different organization in Ottawa and indeed there is a different organization in Manitoba for small and large business because the challenges, the tax policies, the issues facing them are quite a bit different.

I think this Government has taken a step backwards in terms of small business and I think the Member for Brandon (Mr. Laurie Evans) has accurately stated that this Government is a government for big business and is going to shut out small business in terms of the future.

Talking in terms of social and community programs, there is no question that this Government is absolutely rudderless when it comes to social planning and community-based planning of the social services of this province—absolutely rudderless. We see that with decision after decision after decision, whether it is child care, whether it is foster parents, whether it is child abuse, whether it is any program. We know that the Minister has been given an umbrella to say task force this, or study that, or whatever else.

We know that the Premier (Mr. Filmon) has got his staff very involved in the Department of Community Services. We know that there is a little hit team down with the Premier's Office shepherding through the Minister of Community Services (Mrs. Oleson) after they got in political trouble.

The same people that wrote Vander Zalm's speeches and developed Vander Zalm's policies are the ones that have been put in charge in a damage-control way to deal with the Department of Community Services and Social Services. That little group from the basement of the Legislative Building is protecting the Minister of Community Services and that is no leadership in this area. We have no policy, no direction, no vision, and we have a total failure as articulated in this Budget in terms of those very important issues.

We have the same problem in terms of pay equity. They cut the money out of pay equity. They have told us time and time again, oh, the private sector will do it all. Women in this province make 68 percent of the salaries on a full-time basis of men.

It is not only an issue of principle and equity to get women in a position to make the same salary as men, it is also good business because the more disposable income all of us have in terms of the wealth of our province and the wealth of our communities, the more disposing of income that the people will have. And the Member for Portage la Prairie (Mr. Connery), the total disaster from Portage la Prairie, cuts back the pay equity funding. He is a total disaster for 52 percent of our population, and I believe that 52 percent of the population will hold him accountable the next time he goes to the polls.

In terms of health, we have had the customary increases to institutional health. I have already gone through that. There is nothing in terms of the issue of housing rehabilitation that will keep more people at their homes in this Budget. There is nothing in terms of greater increased resources in home care workers. There is nothing in this Budget on terms of personal care homes and how it fits with the system.

We got lots of promises about a personal care home system in every community in the Pembina Valley. I mean, have we all got the comments the Minister of Health (Mr. Orchard) made when he was seeking his

nomination? There will be a personal care home and a hospital on every corner in the Member's seat if he follows through on his promises.

There is no plan on extended care facilities. There is no plan on acute care facilities and how we move more people back to the communities. Indeed, there are only task forces, networks and studies, and absolutely nothing in terms of the health care system of this province.

Education was an excellent opportunity to take advantage of our lost opportunity. There is no question that we funded education over the inflation rate for some years, and there is also no question that we had funded the education system in recent years at the inflation rate. There is no question the education system is in a tough, tough situation throughout this province. I would have liked to have the opportunity, and indeed other Members would have loved the opportunity, I believe, to take some of that surplus, to take that \$15 million from Inco, to take that \$10 million, or \$5 million, from the CPR, to take some of that money from the payroll tax deduction that they moved up, another \$25 million. Why do we not put some of that money into the Department of Education, take some of that \$111 million extra from the federal Government and put a little bit more into the Department of Education. Take a little bit more from Inco, a little bit more to education; a little bit more from the CPR—that terribly done-by corporation that the Minister of Finance gave a tax break to—and give it to education, give it to our universities, give it to our school divisions, give it to our community colleges, give it to the funding.

I believe that they are under legitimate pressure and I believe that part of that was because we did hold it to inflation over the last couple of years. I say that in all sincerity, that was a great opportunity.

I notice with great irony that the Member for Roblin-Russell (Mr. Derkach), who called the last Budget a fraud, came in with the same Budget in education, exactly the same Budget in education. I cannot believe he would. The Member for Roblin-Russell, who came in with the same Budget, he seconded this Budget from the Minister of Finance. He seconded the Budget and did not try to get some of that windfall, some of that opportunity into our hard-pressed education facilities in this province.

Mr. Speaker, employment and economic security—we believed it was better to spend money to stimulate the economy, to stimulate the North, to stimulate our total provincial situation. We believe that economic development was a much better way to go in terms of employment and economic security than have the higher unemployment rate that inevitably follows and have higher welfare rates that would inevitably follow with this Conservative Budget.

We have a different philosophy than you do. We would rather spend money on people working in jobs. We would rather have people working in jobs and having the opportunity in jobs than eventually having higher unemployment rates and higher welfare rates. We will see with their totally -(Interjection)- yes, we do not have your trickle-down theory, we do not have the alms-for-

the-poor philosophy that the Member for Morris (Mr. Manness) has in terms of his spirit in this situation.

The Seniors' Directorate is already a failure because again we should have taken \$2 million from the CPR and not raised the Pharmacare deductible instead of giving a \$5 million tax break to the CPR this year.

The Attorney-General's Department has a nice little quote from it for the Minister of Finance, "We will take that 4.2 percent money and we will be able to meet 'some' of our election promises." You notice he quoted a few of the little things, again the path of least resistance.

Law Reform Commission—another little item—\$100,000 item. He did not have anything in the Budget on violent offenders that they promised. In fact, they did not even list that promise in the Budget. Maybe they want to forget about it. They did not have anything in the Budget on the backlog in the courts that they promised. Now have they forgotten those promises, the Attorney-General's Department? Do you think we have forgotten those two promises? Do you think we are not going to ask the Attorney-General not to come through on his promises? I want to guarantee—I am sure that both Parties in this House will be asking them to come through and that cute little technology in terms of writing those little promises will not absolve the Members opposite of those promises on violent offenders and the backlog in the courts which is creeping up and up and up and not going down as they promised.

I am sure the Member for St. James (Mr. Edwards) is going to ask the question before we do, if we do not get ahead of him. We have the numbers too, and they cannot even make a decision. This group cannot even make a decision on a new judge. They have had a vacancy for months in terms of the judiciary and they cannot even make a decision on the judge. Now, can they not afford it or can the Attorney-General (Mr. McCrae) not make up his mind, or are they having a conflict in their caucus and in Cabinet of whether to appoint a second Francophone judge? Maybe that is the reason, because we know that there is only one Francophone judge. We know we intended on appointing a second one if situations did not develop in a positive way for Mr. Trudel. Of course, we will have to wait and see what the Members opposite will do, because trials can only be heard by one Francophone judge right now. I suspect that is the reason why they cannot come to grips with the vacancy in the Bench.

Mr. Speaker, in terms of municipal Government, again the path of least resistance, throw money at them. Do not deal with the long-term spending problems. Do not change the situation to the 1990s. Keep it back in the Seventies. The major issue facing this Government, assessment reform, the jury is still out in terms of bringing in legislation and assessment reform in 1989.

I used to hear the Minister of Finance (Mr. Manness), I did not agree with his assessment—in fact it was contrary to the Weir Report in terms of the share and the burden of taxation in terms of municipal assessment. It was contrary, I think, to page 279 of that report, if

I recall correctly, but it will be interesting to see, with the latest assessments on farm land values, what will happen.

I read some of the speeches from the Members opposite about 18 weeks ago, all the words that they made on the last Budget. The only thing they have really done is give a bigger break to business, which was promised in all fairness by the Liberals, give a bigger break to Inco, and a bigger break to the railways, and nothing in terms of people and nothing in terms of using that windfall and its opportunities in terms of the public of Manitoba.

It was also a tremendous failure not to table a four-year estimate of removing the payroll tax. You made the promise to have multi-year Budgets, you made the promise to have a phased-out ability on the payroll tax. If you could not bring in a multi-year Budget, Mr. Speaker, on all the issues facing Government in three months, you at least had the responsibility and accountability to have and table in the Budget, was it \$50 million next year? Was it \$60 million next year? Is it \$10 million next year? I believe you had a responsibility to table that in this year.

The Government talks about the disincentive with the health and post-secondary tax. In both the provinces where this tax exists, thousands and thousands of jobs have been created. Indeed, since we introduced this tax in Manitoba, some 36,000 jobs have been created, I believe, if my numbers are correct. We will see whether the Minister's credibility will be sustained in terms of the unemployment rates, whether indeed the Minister of Finance's (Mr. Manness) credibility will be sustained when he tables the unemployment rates and when he tables what he believes to be the accurate figures with the tax break to corporations with the alleged goal of creating new jobs.

In conclusion, this is a tremendous lost opportunity in this Budget. There is no question the spending levels are the same. There is no question that this Government had a some-\$200-million advantage over the last Budget. There was nothing in this Budget to stimulate the economy in my opinion. There was nothing in this Budget to create jobs for youth. There was nothing in this Budget. I did not believe that we should remove all the personal taxes because we all admit you cannot afford that, but there was an opportunity to give some break there. I would have suggested that would have been more appropriate to the CPR, Inco, and small business.

The Minister of the Treasury Board, which is the Premier (Mr. Filmon) of this province, and the Minister of Finance (Mr. Manness), their credibility is on the line in this Budget. They had promised Manitobans that they would come in with a 7.5 percent unemployment rate. They had promised this province they would decrease and keep spending to the rate of inflation in their next year's Budget. They have promised Manitobans they will decrease the deficit, and they have promised Manitobans that they will decrease the corporate payroll tax. Their credibility is on the line. They have made four promises. They have four corners they have painted themselves into, and indeed I believe their trickle-down Tory-Reagan theory of economics

which we have seen subtly in this Budget will not work. I hope I am wrong. I hope the unemployment rates are higher. I hope they get the youth back to work—

An Honourable Member: Lowered.

* (1500)

Mr. Doer: That rates are lowered, more people are working. I hope we are wrong but I believe that their trickle-down theory did not work in '77 to '81. It did not work in Manitoba before and the same "Friedmanist" economic philosophy that has crept into this Budget with the lost opportunity, the extra revenue, will not work when we take account six months from now—if indeed this Government is in existence in terms of the Province of Manitoba. Thank you very much.

Mr. Harry Enns (Lakeside): Mr. Speaker, I take pleasure in addressing the Budget at this time. It is a document that I find absolutely no difficulty in supporting. I congratulate the Minister and the Cabinet for the document that is under debate. It is a responsible document brought in by a responsible Government.

Some Honourable Members: Hear, hear!

This being my first occasion to rise in this Chamber and having been accorded or singled out from time-to-time as being somewhat of a traditionalist by none other than the Leader of the New Democratic Party (Mr. Doer) in his few remarks just a moment ago, let me do the traditional thing by welcoming you, Sir, as our Chief Magistrate of this Chamber to try in your best—and I know it will be more than adequate—in refereeing and umpiring the state of affairs in this Chamber.

Let me congratulate all staff members that have been appointed to serve us in this Legislative Assembly. In doing so, Mr. Speaker, let me particularly single out the Pages who are servicing us during this Session. I have had an opportunity of judging the performance of the different Pages who have served over the many years that I have had the privilege of being in this House. I find the present group of young people particularly adept in their jobs. I do not know, Mr. Speaker, if it is a credit to your office, Sir, or to the Clerk's Office or to the new Sergeant-at-Arms, but I take a moment to put on the official record that in my judgment the Pages are doing an excellent job.

I, of course, wish to congratulate all Members, old and new. There are a great number of new Members in the House. I congratulate, in specific terms, the Members of the Liberal Party who have brought a new look to the Legislative Assembly—one that is not, by the way, totally new to me. It proves the old adage that if you have been around long enough things do not really change.

When I first came into this Chamber, it was the Liberal Party that was Her Majesty's Official Opposition, sitting with some 14 Members. It was the New Democrats who were the third Party group. In fact, they were not even New Democrats. They were CCFers, I believe. I sometimes wish they would have stayed CCFers.

I think that they may have served more adequately the role that I think they have been destined to play in Canadian politics, whether it is on the national scene, and certainly ought to have been for all time on the provincial scene, that comfortable title: The conscience of the people, the conscience of the Legislature or the House of Commons, but surely never to be entrusted with the reins of Government.

I will deal with that a little later on with the comments that I have specifically with respect to this Budget.

Addressing myself just for a moment to Her Majesty's Loyal Opposition once more—and I have had occasion to comment about this to individual members but I do so on the public record. There is of course—traditionalist that I am—a distinct difference between being the Official Opposition and being other Members of the Legislative Assembly. Other Government Members have the responsibility for governing. The Official Opposition is, in fact, the Government-in-waiting. As such, there is a different set of responsibilities on Members of the Official Opposition.

I make this comment because I note and I read by virtue of the reports in the media, as has been laid out by the Members of the third Party, the New Democratic Party group, they intend to introduce what I would consider a fairly aggressive form of legislative initiatives.

More appropriately, possibly they ought to be introduced into this Chamber by way of resolution. If the Chamber adopts them, they eventually find their way into legislation. However, under the artful craftsmanlike leadership of, I detect, the old House Leader of the New Democratic Party Government, the present Member for Churchill (Mr. Cowan), he has seized upon the fact that the numbers are such in this Chamber that he can accomplish two things.

He can do what the New Democrats most desperately have to do, try to maintain their presence and their profile in this Chamber to remind Manitobans or try to help Manitobans forget that they had been soundly rejected by the voters of Manitoba, and to use their experience, their legislative knowledge, their knowledge of the Rules to try to compensate for the lack in numbers by various means. We have already had demonstrated their knowledge of the House, introducing a number of emergency debates, being very quick on the draw to chastise the Government Ministers for whatever reasons.

I note that, on the Order Paper and I suspect in the days to come, we will see a number of pieces of legislation that they have carefully chosen, because they realize, their experience tells them they cannot introduce legislation that calls on the Treasury purse or that draws on the expenditure of money. But they can introduce, just as a private Member can, any piece of legislation that does not have that call for expenditure of public money.

But my advice to the Official Opposition is to look carefully at some of that legislation. Surely, a Government-in-waiting would not want to carry with it the additional baggage coming particularly from a group that has been so soundly rejected. If new initiatives

are to be coming forward in this Chamber, then they ought to be yours.

I should recommend to the Official Opposition that they resist the temptation of playing the numbers game, knowing that you can embarrass or you can impose on the people of Manitoba legislation simply because the numbers are there in the Opposition, but to accept seriously the role of the Opposition and not allow it to be used in that manner.

I make references to such rather substantive legislation in the area of labour that calls for fairly significant and long-term effects on the work climate in the Province of Manitoba, desirable as it may be from an NDP's point of view or indeed from your point of view. But it ought not to find its way into law, coming from a group that so shortly has been so soundly rejected by the vast majority of voters in Manitoba.

Mr. Speaker, enough of that. I want to come back to the Budget. I want to, as I already have, commend the Cabinet for its hard work. I have some knowledge of the amount of work that went into preparing a document of this kind and, within the time frame that they had to work, I have absolutely no doubt that this Cabinet has probably worked harder in a short time frame than any other Cabinet in recent history in trying to accomplish that, partly brought upon by the circumstances, by the fact that this province was rudderless for a period of time. We had no Budget. We had no firm set of guidelines, fiscally or otherwise, as we were moving well into the summer, into the year of the new fiscal year. There was that pressure to perform. I say to Honourable Members opposite who aspire to that office, if you had a full inclination of the amount of work that is involved, you may not be in quite such a hurry. Nonetheless, that is a fact and I think this document proves that.

* (1510)

The Budget itself in its detail, as already presented to us in a very capable fashion by the Minister, indicates that this administration has taken the time and the care to very sensitively address those real concerns that Manitobans have and, in addition, those unexpected concerns that different sectors of our population have.

The one that comes most notably to mind, of course, immediately before us and is still with us is the situation of agriculture and its drought. I applaud those measures that are in the Budget that address that situation. I would encourage those responsible, the Minister of Agriculture (Mr. Findlay) and others, not to be complacent about having simply provided what I believe to be adequate funds to provide the needed assistance. As so often happens when universal programs or programs are set out, unless some pretty careful fine tuning is undertaken, they can miss the target in some cases. I suggest to you that the assistance programs announced need to be carefully monitored so that in fact does not take place.

I am particularly delighted to speak fortuitously right after the Leader of the New Democrats about what I consider to be by far the single most important feature of this Budget. That is that this administration, this

Minister, has not taken the, as has been described, improved revenues or unexpectedly larger transfer payments from Ottawa and done what certainly the New Democrats would have done in a similar situation, done what perhaps many a minority Government would do in a similar situation. That would be to try to spend, spend, spend in order to curry favour with the electorate, in order to secure their somewhat less than desirable position with respect to numbers in this Chamber.

I do not care what you attribute it to the Minister. Whether it is, as I said, improved revenues or higher transfer payments, the most important fact is what did he do with it or what is this Government doing with it. They are addressing the one most serious issue facing not just this jurisdiction but indeed the country. I make no bones about it. I believe that the federal Conservatives, the federal Government, deserves your election for that reason alone. Under the federal Minister of Finance, under the present federal Government, they have slowly but surely moved back from that brink, from that precipice of disastrous out-of-control spending on the national scene to where there is some hope for Canadians that fiscal responsibility will be the norm in Canada once again.

Let me simply remind Honourable Members that the projected deficits since September of 1984 on the federal scene were approaching the \$38 billion mark and what cost that is to all Canadians, what that does to every individual, how that debases the currency of the land, how that eats away at those people living on fixed incomes, how that destroys the entrepreneurship of this country, how that totally straps the best of Governments with the best of intentions about bringing on the kind of services that Canadians deserve when so much of the resources of the country have to be set aside to service the public debt.

The Honourable Member for Elmwood (Mr. Maloway) asks, what is it now? I understand that it is below \$30 billion. It is approaching \$29 billion or \$28 billion. That is still a great deal of debt, but one shudders to think what it would be if Michael Wilson and the Conservatives were not in power.

Now, Mr. Speaker, you could be calling me to order because we should be addressing the concerns of this Chamber, and I want to do that. I want to simply address that one issue of what was so different. What happened in Manitoba between the years 1981 to '87 that called for the massive spending and borrowing of money incurred by the outgoing NDP administration? What civil war, what natural disaster, what calamity occurred during those six years? How else can you explain that in those six years more money was spent, more money was borrowed than in all 112 years of the history of this province? What took place in those six years? What did the former Premier, Mr. Pawley, leave as his legacy to the Province of Manitoba in those six years that called for more spending, more borrowing than all 17 Premiers before him?

(Mr. Deputy Speaker, Mark Minenko, in the Chair.)

Just let me tell you one thing that he left. The last Budget that the NDP successfully passed had been

quite accurately described, not simply just by political oppositions and opponents, but in fact imposed the single largest tax increase that Manitobans had ever experienced, some \$405 million. It can also be said that largest single tax increase ever imposed on Manitobans did not hire a single nurse, pave a single mile of road, did not provide one hospital bed, did not provide one care for an abused mother or woman, did not provide any social services, any social benefit for any Manitoban. It was all required, every cent of it, to service the debt.

The legacy that we have been left with, that this Government will be saddled with and succeeding Governments will be saddled with, the legacy that we have been left with as a result of six years of New Democratic Party Government is that we will be paying \$500 million plus of money to the international moneylenders in Zurich, in London, in Tokyo, in New York.

My friends from the New Democrats, in particular, they like to pit the big business community against the workingman. We saw today the attempt to marry the CPR's interests with that of the Conservative Party's interests, but they did not shy away from enriching, enhancing the fortunes of the international moneylenders in a way unparalleled in the history of this province. That is to me by far the most important feature of this Budget.

* (1520)

I anticipated—in the past, I have been able to rub shoulders more closely with some of my colleagues now on the front bench—that likely the Minister of Finance (Mr. Manness) would have brought in a Budget that reflected, I know, his concern about the tremendous waste. You see, I know that we have to, particularly those of us who express a concern about deficit spending, we have to find an entirely new lexicon of words because the old words do not turn anybody on. They have no sex appeal, certainly not in the hustings. So we have to talk about the waste. I mean, my God, how can we waste \$500 million every year on interest payments?

As individuals, we can all tell stories about ourselves, about our family members, about our neighbours. I know I can certainly tell stories. Boards like the Farm Debt Review Boards are listening to sad, sad stories of farmers, not only who had been damaged because of international commodity prices or because of the drought, but also simply by poor management, by spending more money than the operation could afford, followed up by allowing themselves to get so far into debt that, no matter how well that farm, no matter how well that business, no matter how well that household was managed or run, if the carrying charges on borrowed money gets so high, then it does not matter if you are the best manager in the world or the best farmer in the world or the best businessman in the world. There simply is not the wealth creation possible within that business, within that household, within that farm to cover those debts, and bankruptcy follows.

We are, in a sense, pretty callous about how we abuse the rights that we have as a sovereign provincial

Legislature or indeed as a national Government. We impose an entirely different set of standards on those whom we pass legislation to Government, the municipalities. We say to the municipalities, you cannot go into debt. We go to the City of Winnipeg, you cannot go into debt and, if you do, we will put a supervisor over your affairs, as we have done from time to time. It is a case of not doing as we say when it comes to our own affairs, and certainly that has been the case in the past six years.

Somehow, I think there has to be a collective will in this Legislature and indeed, as it is in all Legislatures, to address that problem. I, quite frankly, would look forward to that kind of understanding, that kind of cooperation beginning to surface in this Chamber with the new players who have been given the privilege, who have been given the honour to represent their constituents, to represent Manitobans in this Chamber. It seems to me there is an opportunity to do so. It seems to me that there is a real opportunity to help in a way that does not hamstring future Governments from so steering the ship of state, so redirecting it, which is the marvellous thing about our parliamentary democracy.

Of course, the Liberals will do things different than the Conservatives, and the Conservatives will do things differently than the New Democrats. There is even just the saving grace of the cleansing action of getting the old out and the new in. It keeps Government more honest. It minimizes patronage. It shakes up complacency from time to time and ensures that fresher and brighter minds, and fresher and brighter ideas have an opportunity of coming to bear on public affairs.

But what opportunity is there for that expected, anticipated change of direction which the electorate has every right to believe in, but have become so cynical about if the new incoming Government has no opportunity, because of fiscal reasons, to bring about any of those changes?

I would like to think that one of the more serious problems that we face if indeed the weather pattern that we have experienced this summer, indeed the past two summers, might call for a very substantial public expenditure in water and soil conservation in this province of the kind, I might add, that we had the capacity to do in the mid-60s.

I get accused from time to time of dwelling in the past, but when one learns from one's past, it is still mind boggling to me that it was my privilege to be part of an administration, the Roblin administration, that was able to probably advance this province in one decade faster and further than any administration since in the sense that the entire educational system was developed.

When I was first elected in the Interlake, we still had 186 one-room schoolhouses. It was 1966. It was my privilege to affix my signature on an Order-in-Council that abolished them and established the consolidated school divisions of the Interlake. We were among the last of the province to do so, the process having begun in 1958, '59, '60.

At the same time, virtually the road network that we now have in place was established by my friend, the

late Premier Walter Weir, that took over 9,000 miles of gravel roads, the responsibility of the municipalities, and created what is now the provincial road system while building most of the major highways now in place—not suggesting that additions and improvements have not taken place.

In higher education, it was that same administration that brought the two other universities into being, the University of Brandon, the University of Winnipeg. It was that same administration that had the \$100 million to forever safeguard 600,000 residents of the City of Winnipeg from the devastating floods that we were experiencing virtually once a decade. That took place without leaving a legacy to the incoming Government of unmanageable debt.

I go back and acknowledge the last Liberal administration, Mr. D.L. Campbell, not known for his overspending, but in today's terms, certainly the introduction, the bringing of electricity to every rural farm was a mega project by any description, but when his time came, there was money in the kitty for the next Government. When Walter Weir was defeated by the New Democrats, there was a \$55 million surplus in the kitty. Even when Mr. Ed Schreyer and the New Democrats had their first crack at Government and were there for eight years, and they did some wonderful things. Somewhere in this building, somewhere in the department, you will still find stewardesses' uniforms and boxes of matches for that Manitoba airline that we were going to create with the planes that we were building at Gimli. Saunders, remember that, any of you? About \$50 million later, we kind of put it all together and some of us took a few souvenirs and we forgot about that.

* (1530)

An Honourable Member: Tell us about CFI.

Mr. Enns: CFI, Churchill Forest Products Industries, electric cars, Chinese food manufacturing, door manufacturing, Flyer Bus. Despite that, thanks largely to our relatively boring economy of the mid-Seventies where growth rates were running at 16 percent, 14 percent rates, that was not all that damaging. It was the last six years of the New Democrats, '81 to '87, that inflicted the kind of fiscal damage on all of us that this Minister of Finance (Mr. Manness) and a future Minister of Finance is going to live with. Surely, we can come to some semblance of reason amongst ourselves and suggest that—(Interjection)—Pick your targets. If you do not like the Minister of Highways (Mr. Albert Driedger), the Minister of Education (Mr. Derkach), the Attorney-General (Mr. McCrae), selectively pick your targets and shoot at them.

I would like to encourage Honourable Members opposite to think very carefully about what I described to be the main feature of this Budget, the resisting of the temptation particularly on behalf of a minority Government to try to spend itself into greater popularity and to take that money—I do not argue on what basis you got it, but that he did and was able to convince his colleagues in Cabinet to obviously dedicate a very

sizable amount of that to deficit reduction and so to put us on the rolls so that future Governments and our children and our grandchildren will feel better about the taxes they pay because they know they are in fact going to the services that we demand.

None of us particularly like paying taxes, but I do not mind being taxed higher than my American cousin because I demand—and successive Governments of most political description have provided them—a better Medicare system, a universal pension for our old age citizens, better social services in general. We have to pay for that, but we stand the risk of falling into such hopeless situations that prevail in some of the, we refer to them as, Third World countries.

I am talking about countries like Brazil, Mexico, not poor countries, countries that are as resource rich as we are. But because of successive Governments failing to grasp fiscal responsibility, you find that in those countries virtually the entire net product, the entire wealth produced is required to pay—what?—the foreign debt. So you have only the very elite, the very rich, who can afford to send their children to schools. There are no roads. There is no municipal infrastructure in those countries. There are no community hospitals spread throughout the width and breadth of those countries. I am sure that is not the kind of future and that is not the direction that we want to take in Manitoba, that we want to take in this country.

In conclusion, Mr. Deputy Speaker, let me encourage Honourable Members opposite, as is the tradition of Members opposite, find fault specifically with programs that you think are being delivered not properly, find fault with the allocations of money that in your priorities are not adequate, but I would ask you to seriously consider the bottom line about the fiscal capacity of this province, about the legacy that this Minister of Finance (Mr. Manness) and this Government has to struggle with, that any incoming new Government will have to struggle with and help us cut down that waste, that absolute waste of money, that imprudent overspending has forced upon all of us.

To me, that is the most important task that we face. Those of you who are new legislators, those of you who come here with every intention to do your very best—and I do not question that dedication on the part of anybody—but I take these few moments to point out that it is mind-boggling to me that 1969, which I realize is some time ago but it is not exactly the middle ages, was the year Medicare was brought into this province, the year that many other things were done in terms of social services, but in that year the entire Budget of our Government was less than the public cost of servicing the debt.

The Budget for all departments, including Education and Health, was some \$454 million to \$460 million in 1969. That will not cover what the Minister has to pay in interest charges for what these fellows—(Interjection) In conclusion, I simply ask, as we try to obliterate the memory of the last NDP administrations, as those six years start to fade into history, I want us always to try to remember what was so singularly outstanding, what was so striking, what particular devastation was visited on this land that made it necessary for that Government to borrow so much money and put us so deep in debt?

As you think about it, it is even hard to mention one. The last serious drought happened in Sterling Lyon's administration; the last serious flood happened in Sterling Lyon's administration; the last recession was in Sterling Lyon's administration. These have been relatively good years, as they keep telling us. They have been good years.—(Interjection)—What have you left? What have you left for Governments to do? I have made my point. I indicate in conclusion that I believe the Government has to be commended for the Budget. It is worthy of support from a very broad spectrum of all Manitobans.

Mr. Richard Kozak (Transcona): Mr. Deputy Speaker, as a new Member speaking before this House in formal form for the first time, I would certainly like to congratulate you on your election to your high office. It is a privilege indeed that a colleague from the Opposition benches should be appointed in this way—contrary to precedent—and I feel that your appointment is an outstanding tribute to your even-handedness, justice and good humour. As a matter of fact, you are a person of great dedication, as recognized within our caucus, and a source of pride to your colleagues.

I should also like to congratulate Mr. Speaker on his election as Speaker of this House. His election is an exceedingly popular election to all Parties. Once again, he benefits from the qualities of even-handedness, justice and good humour, and we in the Opposition and on the Government benches alike are developing a genuine sense of affection for the Speaker of this House. I hope I am not accused of feigned praise, Mr. Deputy Speaker, if I venture the opinion that the Member's appointment as Speaker will in time be recognized as the outstanding achievement of this Government.

I would like to congratulate all of my fellow new Members, not only from my own caucus but from the NDP and Government caucuses. It is overwhelming indeed, after many years of political activity, interest in our system, desire to perform public service, to be in this august, respected House where good or ill can be done for the people of this province. It is my determination to be one of those who does good for the people of this province and good for the people of my riding.

I am certainly looking forward to serving Manitobans in a way that promotes the public good. I certainly owe a particular gratitude as well, though, to the people of my own constituency. I thank my constituents of Transcona with true humility. Transcona has been in my family's blood for 78 years. My grandfather, his wife, and first child—my father—settled there in 1910 when the population was officially recorded as eight men, three women and 15 dogs.

In speaking about the constituency, I feel a certain personal link to it that I will feel for my entire life. I am determined to provide honourable representation to the people of my riding, representation consistent with the representation they received under my predecessors of both the Liberal Party and the New Democratic Party.

Transcona's history has been of particular interest in Manitoba history in that it has experienced hardship

as a community to a greater extent than many of its surrounding and neighbouring communities. My grandfather settled there to work for the Grand Trunk Pacific Railway and work on the section gang was hard indeed, as every one of us can imagine, but the community as a whole laboured through almost 40 years of hardship, more hardship than one would wish on Manitobans at any point in the future.

The early population suffered from extreme instability. The very townsite was moved twice, due to a shake-out and consolidation of the several railway companies that by 1923 had formed the Canadian National Railways, thereby bringing some stability to the community.

The First World War decimated a generation of young Transcona men. The people of Transcona are proud of their war service and the people of Transcona are proud of their war service and suffered for their war service to a greater extent than many other populations. At the conclusion of the First World War, the great flu epidemic of 1918 and 1919 claimed many of those who survived. I had the privilege of visiting deceased relatives recently at the Transcona Cemetery and it struck me, as it always does and as it always strikes visitors to that particular cemetery, the number of tombstones of young men dated 1918 and 1919—victim to service to their country in war and victim to the great flu epidemic.

* (1540)

My grandfather was one of those who gave his life to the great flu epidemic. My father suffered at the same time but, fortunately survived to raise a family for which I owe my presence here today.

The Great Depression started early in the community. We usually identify, as those reasonably familiar with economics, the start of the Great Depression as the crash of 1929. In fact, Transcona began to suffer from the early stages of this economic phenomenon in the 1920s. Overly optimistic employment projections for the then new CNR Shops failed to materialize, leaving many who had moved to the community on a speculative basis without work, without prospects, without food.

Things are never so bad that they cannot get worse. The 1930s saw periods when the CNR Shops, which currently employ thousands of workers regularly and routinely, do so and have done so over the decades, the 1930s saw periods when fewer than 50 full-time workers were employed at the community's major employer. My father, who worked at the CNR Shops for 50 years, I am proud to say, was one of the lucky ones. Others were not so lucky. Many of us are too young to remember the Great Depression—I certainly am—but many of those who were not so lucky, I am told, sold their homes for \$10 or \$50 or burned them down to collect insurance so their children could eat and have clothing.

The Second World War crowned the community's hardships but was followed within a few years with unprecedented prosperity. I look now at a community with a prosperous population of 40,000; but the lessons of decades of hardship have remained with us and

shaped us as a particular feature within Manitoba's community.

Three of these lessons that we learned and that remain with us are firstly the lesson of thrift. Transcona today is a community of hidden prosperity. The best attestation to this thrift is the fact that it is virtually impossible to obtain a safety deposit box at any bank in my riding.

The principle of support for your neighbour is also well entrenched at this point. It is also a lesson that has not been lost. We are a people with a social conscience and I intend to represent my constituents in this Legislature with a social conscience that I know they expect of me.

Thirdly, the principle of community spirit has survived despite the fact that we are no longer an independent community. Amalgamation into the City of Winnipeg has not prevented us from maintaining our unique local spirit. The Hi Neighbour Festival which I was privileged to attend over the weekend was attended literally by thousands of individuals who felt it to be an expression of their pride in living in a community that they value and celebrating along with their friends and neighbours.

The period of hardship that Transcona experienced produced genuine heroes. I am privileged to refer to one of those heroes today, a former Member of this House, by the name of Dr. Murdoch MacKay. Dr. MacKay was for a number of years the Liberal Member for Transcona, a distinguished Cabinet Minister, and in fact, briefly Leader of the Party in this province.

* (1550)

During the depression years that I referred to, Dr. MacKay won the undying affection and debt of the people of Transcona by providing medical service out of his heart, without asking for money, to people who were disadvantaged, who could not afford to pay medical bills. It has been stated by a good friend of mine by the name of Bernie Wolfe that the school dedicated in his name, in fact, could have been paid for out of the medical bills that he never troubled to collect out of understanding of people suffering.

It is a particular honour for me to to attempt to follow in the footsteps of the man who is more responsible than any other for my standing here as a Liberal. We all have a choice at a certain age in our life as to which political affiliation we will adopt. I say with pride and with recognition to Dr. MacKay that he made my choice a very easy one indeed.

As I said, Transcona is now a thriving community of 40,000 that has not forgotten its roots and has not forgotten the hardships that it suffered for a number of years, and that is constantly conscious of the fact that hardship is never impossible in future times.

This election, instead of being a hardship for me, was a pleasure because as I walked through my riding and spoke to people I had a number of gratifying experiences that, but for this campaign, I could never have had. I will never, for the rest of my life, and I will never let my descendants forget a particular experience that occurred on Victoria Avenue West, as I knocked

on the door of one, Mrs. Angela Verbin. Mrs. Verbin is, at this point, an elderly lady, elderly but distinguished, lucid, and only too delighted to converse with those who knock on her door. She was especially pleased to see me—we had never met before—but she told me at that time, in the brief moments that we had to spend together after I asked for her vote, she told me that in 1918—70 years ago—when her father had succumbed to the great flu epidemic, my grandmother had taken care of her and her sisters. That is something that I could not have paid to hear. This is a concrete benefit that the election delivered to me, come what may, over coming years.

I also, from more individuals, because there are more who have survived from the Thirties than from the second decade of this century, I had the pleasure of hearing at a number of houses, tales of how some of those who during the depression had been more fortunate in Transcona, took responsibility for those who were less fortunate. It was particularly gratifying to hear my father and mother mentioned in that context as people who could be turned to for assistance in time of desperation.

Forty years have been prosperous years in Transcona, population of 40,000. The town is no longer entirely dependant on one employer. The growth, residentially, has proceeded as far as the floodway system to the East, far beyond my imagination when I was a child and the population was only 4,000. But we are now entering, in 1988, a third 40-year period, and after a period of 40 years of lean and a second period of 40 years of prosperity, I ask myself what the next 40 years will bring.

In talking with my constituents, Mr. Deputy Speaker, I see a certain concern afoot. It has been mentioned to me more than once, following a recent newspaper article, that the tax burden on the individual is the greatest threat to our standard of living and our culture in coming years.

The Fraser Institute, which, regardless of its politics, one must view as a reputable research establishment, tells us that while the average Canadian family's income is up more than seven times since 1961, the same family's taxes have gone up more than 15 times.

My constituents do not have to tell me that is a threat. I know it is; everyone of us in this House knows it is. The question is what we do about it so that the next 40 years can be a period of prosperity rather than a period of lean.

With a recent election and with a new Budget, we had reason for optimism, that we would make a start toward building 40 years of prosperity. The election turfed out the old and brought in a new House which is comprised of three Parties, none of which have a majority in this House, which must work together if we intend to produce benefits for the people of Manitoba.

We are people of good will in this House, Mr. Deputy Speaker. Despite my limited tenure here to date, I know that there is not one lady or gentleman sitting in this House as an MLA who is not here with a sincere desire to improve the lot of his or her constituents. We have

to work together; we have to pull together. I myself reposed considerable hope in a Budget that I expected would be the product of a fair measure of three-Party consultation. My hopes have been somewhat dashed. To a certain extent, I can add that they have been cruelly dashed.

I think the basic flaw of this Budget is a flaw of analysis. It refuses to recognize an inability to predict the future with certainty. The Minister of Finance predicts—and I do not dispute his prediction—that we can expect economic growth in Manitoba this year of less than 2 percent—hardly inspiring, given stellar performances in recent years.

Unfortunately, the Budget somewhat glibly goes on to assert that the prospects in 1989 are better. Very little substantiation is provided for this point of view, but this point of view is used to create a sense that it will all be all right, we have time to solve our problems; what is not done today can be done tomorrow. Complacency is a fatal flaw, and a fatal flaw in this Budget.

This Budget introduces a 6.7 percent growth in spending for the fiscal year 1988-89. As we know, this growth in spending is well above projected growth in the economy for this year. This increase in spending is a sign that, in the Government's view, everything will be all right in terms of streamlining the delivery of Government programs, producing savings, getting our House in order, we have another year. There is in fact no reason to assume that we will quickly bounce back from the slow down the Minister of Finance expects this year.

* (1600)

The economic statistics that we get from across Canada and in our trading partners in Europe, North America and Asia, suggests that the complacency of this Government is not widely shared and that there are indeed a number of storm clouds on the horizon. I will not belabour these storm clouds, but rather on a selective basis, I will point out a few of them.

Inflation, which we thought had been wrestled to the ground, is now back up to 4.7 percent in the U.S. and surprise, the Government of the U.S., the Reagan Government intends to fight this inflation with higher interest rates. Just this morning the Federal Reserve Board in the U.S. announced a one-half percentage point rise in the discount rate, which is a key signal rate for purposes of bankers and borrowers alike.

The U.S. in fact is a good place to start because this economy is particularly deeply in debt. In fact, with foreign debts in excess of \$450 billion, the U.S. economy is the world's largest debtor economy. However, we can not limit ourselves to consideration of the U.S. foreign debt. Domestic debt at the end of 1987 was fully 178 percent of the Gross National Product of the U.S. I hate to point out alarmist comparisons but this level of domestic debt in the U.S. economy is the highest since the early 1930s.

We know that the U.S. is deeply in debt. They are our major trading partner. If their economy quivers, we

get severely ill. They predict not only that the debt situation that they labour under will continue, but that their Budget deficit, the federal Government's Budget deficit is likely to turn around and resume its rise in 1989. The savings rates of American citizens are at historic lows and growth is being kept under way primarily due to continuation of a credit binge that will create long-term harm to the friendly economy to the south, and due to foreign buying of U.S. real assets.

Dependence on a credit binge and on capital flights create a situation that I would call a precarious situation in our major trading partner to the south, particularly because the trade balance of that major trading partner is still a negative figure of \$140 billion annualized.

Who will lead economic growth in the western world? Certainly not Europe, where the growth rate has declined to 1 percent and where the principal governments on the continent refuse to stimulate the economy because of their fear of inflation. Certainly not Japan. Japanese exports have been shrinking due to the high value of the yen. Industrial capacity is actually being dismantled to accommodate the decline in exports and, despite increased consumer spending, the outlook is for decreased growth in the Japanese economy. Without wanting to appear an alarmist, I point out that there is no engine of economic growth on the horizon.

How does this relate to Canada, and specifically Manitoba? The Conference Board of Canada is quoted just today as estimating the growth in Canada will fall by half in 1989. How is Manitoba to escape this? I hope at some point the Finance Minister will elucidate this matter. Perhaps he has access to information that we do not have access to.

The Government's windfall revenues as reflected in the present 1988-89 Manitoba Budget, including an \$89 million increase in mining tax revenues and a \$44 million dollar increase in corporate income tax revenues, to name just a couple, are precarious income. Precarious income is a technical term used primarily at the turn of the century when they were talking about income and income taxes. Everyone of us in this House knows what precarious income is. Precarious income is income that you cannot count on in bad times, and I would suggest that in a slow growth economy we cannot count on windfall mining royalties and windfall corporate profit tax revenues. These revenues could and in fact cyclically do disappear and could leave this Government with a deficit of well over \$300 million annualized, back to square one, and an inability to streamline to cut expenses for fear of damaging a sluggish economy. Complacency is a threat in this Budget and complacency is a threat to our people.

In fairness, the Government has shown remarkable restraint in some areas. Critic after critic, in presenting a litany of complaints in services to education, mental health, employment of the disabled, housing for senior citizens and the disadvantaged, have had funding increases below the inflation rate. These services have been restrained. They will be provided at a rate which buys less than it did one year ago.

But not everything is restrained. The delivery of Government services is not restrained by this

Government in this Budget. This Government promises 6 percent growth in administrative costs. We are not talking about in-services delivered to needy people here. We are talking about administrative costs, 6 percent growth in administrative costs. The Official Opposition is outraged and I am not one to use the word "outraged" casually, that the audit promised by the Minister of Finance on streamlining the provision of Government services is not complete. That audit held out some hope. It held out the hope that the Government would have on the table, prior to a Budget, information which would assist it in delivering essential services in a more economic way, thereby holding out the possibility of cutting the spiral of Government expenditures.

I would not be candid with this House if I said I was surprised that this audit was not complete in all of its three phases today. When the audit was announced fully two-and-a-half months after the new Government was elected, I pointed out to the Press—and was quoted in the Press—as criticizing this Government for not having launched the audit earlier so that we could have a real Budget in September rather than a deficient Budget in August. Everyone of us who feels that this Budget should have addressed the streamlining of Government service provision is disappointed in that the costs of Government, total expenditures foreseen by this Budget, are within \$4 million of the total expenditures foreseen by the defeated Budget that was presented in March in this very House.

* (1610)

Greater deficit reduction is required, Mr. Deputy Speaker, if we are to avoid the least acceptable option—the option, in fact, that we as Liberals reject—and that option is that the Budget be cut in harder times. We are not the Party, we never will be the Party of cuts in hard times. We have not attended the R.B. Bennett School of Economics. Why is the Government streamlining plan not on the table now? Why are we still running a deficit set at a \$186 million that is at risk of ballooning to \$300 million, once again back to square one, due to the loss of precarious income that I have already spoken about? Why leave the province without the capacity to cushion the deeper slowdown than the Minister of Finance (Mr. Manness) anticipates?

Budget cutting alone, Mr. Deputy Speaker, however desirable it is, is a risky business. Government spending is, after all, an economic stimulant. As we move to lower deficits, we must rely on consumer confidence and business confidence to replace Government as an engine of economic growth.

Several Members of the Government, in responding to the Throne Speech and in speaking on the Budget Speech, have expressed surprise that Members on this side of the House did not speak a great deal about business and the needs of business in our earliest speeches. Members on this side of the House agreed with every word spoken in that connection by Honourable Members of the Government. However, we in turn were stunned, that the very speeches that urged us to consider the needs of business—and we are a Party friendly to business—failed to consider the needs of the consumer. Consumer confidence and business

confidence go hand in hand; without one, the other cannot proceed.

This Budget ignores the importance of building consumer confidence at a time of deficit reduction by failing to roll back, to a certain extent at least, the 2 percent tax on net income. In ignoring the building of consumer confidence, the Government discredits the measure as well, which both they and we support, the roll back of the payroll tax as an important stimulative signal to business. The presentation of the roll back in the payroll tax to business is being greeted popularly on the streets due to some early conversations that I have been privy to. As a business giveaway, we who support the reduction of the payroll tax know that if the payroll tax had been cut hand in hand with the 2 percent tax on net income, no such unfortunate accusation would have emerged. The payroll tax is an evil in our society which we do not blame on this Government, and which we give full credit to this Government for determination to eliminate.

This pernicious tax is a tax on hiring people. Can anyone in this House, can anyone in this province, justify it? Can anyone not be grateful to the Minister that has made a start at removing it? However, in a time when fiscal restraint is necessary, this one tax decrease is quite simply not enough. Reducing to some extent the 2 percent tax on net income would have been highly desirable at this time and probably more valuable even than the payroll tax reduction because reductions in consumer taxes frequently have a multiplier effect, Mr. Deputy Speaker. They frequently create more economic activity than they cost.

Confidence is an intangible and a small gesture toward the consumer, and, in my opinion and in my Party's opinion, would have produced large gains in terms of consumer confidence—gains which, in terms of resulting tax revenues, might not have left this Government dreadfully disadvantaged at all.

It is a fairness issue as well as an economic issue, Mr. Deputy Speaker. We do not want to send a signal to Manitobans that we stand for something that frankly is only part of our platform.

We, in the Liberal Party, find it important that Manitobans understand that our approach is an even-handed one, beneficial both to the consumer and to the business individual. We want to be on record in supporting reduction of both of these taxes simultaneously as saying to the people of Manitoba that these two elements of our society cannot succeed without one another. They should not confront one another; they should cooperate with one another to build a greater Manitoba and greater prosperity for us all.

In conclusion, Mr. Deputy Speaker, and I have spoken for longer than I had planned, we, as a Party—the Liberal Party—view fairness, even-handedness above all, equality of opportunity, equality in terms of levies that are imposed on the people, equality in terms of the services we receive from Government.

The people knew on April 26, when they voted in the provincial election, that cutbacks were in the offing.

Streamlining the provision of Government services, we are looking forward to happening in a fair way, spread across the whole economy in as fair a way as possible. Taxation, at the same time, must reflect the coexistence and necessary cooperation of the consumers and the business community.

Finally, Mr. Deputy Speaker, we cannot bury our heads in the sand and say, like Scarlet O'Hara did, "Tomorrow is another day." Next year may not offer us the opportunity that in our dreams we would like it to offer us. We must be prepared to deal with the province's problems now and not address Budgets that clearly are not ready.

Hon. Harold Neufeld (Minister of Energy and Mines): Mr. Deputy Speaker, it is my understanding, in discussing with my colleagues, that as my first speech in the Legislature, I do not have to stick to the subject of the Debate at hand, but I can wander somewhat and discuss my own background, I can discuss my constituency, and I can discuss, of course, important items of my own portfolio.

* (1620)

Mr. Deputy Speaker, I would like to begin, if he were here, by offering congratulations to the Speaker for his appointment and wish him wisdom and patience that his new office will require.

At the same time, Mr. Deputy Speaker, I wish you good health and success in your new position.

At this time, I would also like to congratulate a resident of my Rossmere constituency, Mr. Cliff Morrissey, on his appointment to Sergeant-at-Arms of the Legislature. I sincerely hope there will be no need for him to act in his official capacity throughout his term in office.

I am honoured to be a part of this, my first Session, in the Manitoba Legislature. As I have listened to other Members speak, they have spoken of their humble beginnings and I want to be part of that as well.

My parents emigrated to Canada in 1926 and settled in Altona. Before the depression years were over, there were five additional mouths to feed. We were not wealthy, we did not have material things; but we had caring, loving parents who sacrificed whatever was needed to give their children whatever they needed.

The depression years built the character of an entire generation. In particular, it gave us a strong desire for self-reliance and economic security, an attitude which is still timely today, I believe. I hope to bring some of these values into the Legislature as I participate in the Debates.

My parents brought us to Winnipeg in 1939 when we settled in what is now my own Rossmere constituency. It is to the people of Rossmere and their generosity that I am here today, and I hope to represent them well and faithfully.

Before spending a few moments in speaking about Rossmere, I want to offer my congratulations to all the newly-elected Members of this House, with particular thanks to the Member for Radisson (Mr. Patterson) and

the Member for Burrows (Mr. Chornopyski). These two gentlemen relieved me of the honour of being, if not the most senior citizen, certainly the most senior rookie in this House.

While we represent different views on how Government can best serve the interests of the people, I have no doubt that in our hearts each of us hopes to better the lot of our fellow citizens through our efforts in public office. In the heat of the debate, we would all do well to remember this.

I am proud to be here today representing the constituency of Rossmere, where I have lived since 1939. As the MLA for Rossmere, I stand in the company of Peter Fox who was once a Speaker of this House, of Vic Schroeder who was once the Minister of Finance of this House, the Honourable Ed Schreyer who was once the Premier of Manitoba. All these men deserve the respect of the people of Manitoba and their constituency.

While I do hope to steer the Government of Manitoba in new and better directions, I could ask for no higher praise than to have it said that I represented the people of Rossmere with the same dedication and intelligence of my predecessors.

Rossmere constituency is situated in the northeast corner of Winnipeg. The western boundary is the Red River, the southern boundary is the constituency of Elmwood, the eastern boundary is the constituency of Concordia, and to the north we have River East. The last time a Progressive Conservative candidate was elected in my constituency, or the area that is now my constituency, was in either late 1959 or early 1960 when Jim Mills, the Progressive Conservative candidate, and Tony Reid, the NDP or at that time the CCF candidate, tied. The tie was broken by the returning officer who cast the deciding vote for Mr. Mills. A subsequent recount upheld the decision of the election night.

I remember this instance because I was coming home from a municipal audit in the Municipality of La Broquerie and I told my partner we had better rush home because there was an election and in case there was a tie, I must certainly cast my vote. I did cast my vote but at the time I voted for another party and my vote did not cause the outcome to be any different.

Mr. Deputy Speaker, another piece of trivia—in 1986, I ran against Mr. Schroeder and he beat me by 527 votes. In 1988, I beat him by 526 votes. So he still owes me one.

Past legislators who developed the tradition of allowing speakers to speak of interests of their constituency -(Interjection)- I am a bit taken aback by the interference by my colleague and my friend, the Member for Churchill (Mr. Cowan).

Past legislators showed a profound understanding of the importance of remembering the diversity of our province. Each of us represents an area with a unique character as well as common concerns with the province as a whole. Listening to the other members has increased my appreciation of their concerns and their perspective.

Rossmere, the constituency I represent, is an urban riding but with recent roots in our rural heritage. It is

prosperous but not a wealthy suburb of Winnipeg. Its residents are a mix of factory, office and professional workers and small business people with moderate incomes and few pretensions. Rossmere is a family-oriented constituency where the traditional family is still strong. Three-quarters of the residents own their own homes while most of the rest live in quiet walk-up apartments scattered throughout the riding.

I cannot claim that Rossmere represents a cross-section of Manitobans, but I think it represents a fine tradition of stability, responsibility and hard work. Few of my constituents are economically independent and they work hard for what they have. Yet they have consistently shown an understanding and compassion for those less fortunate than themselves. They show their concern for others through their diverse religious communities, active community involvement, and a political tradition of social concern.

I think that the electors of Rossmere share the expectations of most Manitobans. They expect the Government to provide essential services, care for the helpless, and to respect and put faith in the judgment and hard work of the people of Manitoba. If they could collectively give a few words of advice to this House, they would not be partisan words for one platform or another. I think they would call on all of us to show respect for each other and for the diversity of Manitoba.

They would demand integrity and compassion above all else, and I believe they would expect hard work and an awareness of our responsibility to the people of Manitoba who have given us such a great collective responsibility. In other words, I think they would ask of us the same qualities that they value in their own families, their workplaces and their communities. We will do well if we find the wisdom to live up to their expectations, and I pray we do.

In addition to the honour the people of Rossmere have bestowed upon me, I have also had the honour of being appointed Minister of Energy and Mines and Minister responsible for Seniors. I look forward to the challenge that these appointments offer, and can only promise this Legislature that I will attempt to meet those challenges with dedication and hard work.

Since the last war, Manitoba, in keeping with the rest of the western world, has experienced a tremendous growth in Government services, economic involvement and bureaucracy. The results have included many positive elements, such programs as Medicare and pensions, but there has also been a tendency to see a new Government program or handout as a solution to every problem. This attitude has resulted in a large and growing tax burden on the people of Manitoba, and fostered an attitude of dependency which is destructive of self-confidence and initiative.

The limits of Government involvement have become increasingly apparent in recent years. I believe that there is a growing consensus in our society on the need to re-evaluate Government's role and closely examine the usefulness and the possible negative by-products of all Government programs.

With this in mind, we need to find new and creative solutions to the real challenges and needs that we as

a society face. It is in this context that I have entered politics, and it is in this context that I hope, along with my colleagues in Government and the House, to make a significant contribution to the prosperity and well-being of the people of Manitoba.

It has been said that people and organizations function most effectively and successfully when they have both the resources and the responsibilities to meet the challenges they face. Resources without responsibility breed indolence and dependency. Responsibility without the resources to meet them creates frustration and hopelessness.

As Minister of Energy and Mines, I hope to work with my staff, relevant industry personnel and community-based organizations to apply this view to the area of mineral development, energy production, and energy conservation. While each of these sectors has its unique and complex characteristics, I believe we have a positive impact in all of them through a judicious and responsible review of Government's role and the development of new or improved approaches to the problems we face.

I would like to spend a few moments reviewing in broad terms the direction I would like to see Manitoba move in the areas within my mandate as Minister of the Crown. This is not the time for a detailed discussion of the programs and initiatives under way or being contemplated. That will come during the Estimates debate, but I think this is an appropriate time to discuss how some of the general sentiments I have expressed, and which I firmly believe are shared by most Manitobans, can be applied to the issues I will be addressing in my portfolio.

I will start with mineral policy, in keeping with its status as the most senior area within my responsibilities. Manitoba's mining industry has a long and dynamic history. Today no less than when it provided salt for the fur trade and stone for Lower Fort Garry, the mining industry is an intrinsic and vital part of Manitoba's economic fabric. Basic to the survival of our mineral industry is the discovery of new ore bodies. Even the richest mines eventually will be exhausted. Before that happens, industry needs replacement ore bodies, hopefully in areas which allow us to use the existing infrastructure of urban centres, roads, and/or railways.

* (1630)

Manitoba is fortunate enough to have many major and minor exploration firms working in the province. These people have the expertise and the experience needed to expand Manitoba's ore reserves. To do this effectively, they require certain services which Government is uniquely placed to provide. The most vital is the basic information on Manitoba's geology which can help narrow exploration areas to manageable proportions. Without this, only the largest and wealthiest exploration firms could even consider working in the province. This would mean the loss of a tremendous amount of human and financial resources to the mining sector.

A second role, which has with good reason fallen on Government's shoulders, is the collection, preservation, dissemination of geological and mineral-related

information. This helps industry avoid costly duplication of efforts without giving undue advantage to any of the private participants. Industry recognizes the necessity for this function, and appreciates the reputation of Energy and Mines staff for discretion and professional competence.

In addition to Government's role in providing a healthy environment for cost-effective mineral exploration, we must also serve as the stewards of our natural resources. We serve as record keeper and referee in the often hurly-burly world of mineral claims and development. We also play the role of watchdog in ensuring that socially established rules governing safety and ecological management are followed. Just as Government plays a supportive role in encouraging business and individual initiative, it also plays a regulative role to ensure that such initiatives remain within a framework of socially defined rules of behaviour. Good corporate citizens are no different from good individual citizens. They accept the need for rules if society is to function, and they have the kind of social conscience which takes us beyond our minimal responsibilities required by law. This is an attitude which I intend to encourage and promote.

Technological change has occurred in mining as extensively as in any industry in Manitoba over the last decade. Productivity gains have been truly remarkable with the result that our mining industry survived its worse slump in international prices since the 1930s, and came out stronger than before. It is not Government's task to modernize any industry, but we have a role as a clearing house of information and expertise and new technology. This can be judiciously augmented by strategically spending seed money for pilot projects for new or unproven technology.

In recent years, many of these functions have been carried out under the auspices of the Canada-Manitoba Mineral Development Agreement. The result has been a high level of cooperation between the staff from the two levels of Government and industry personnel, which has provided a major boost to Manitoba's mining industry.

The agreement has also increasingly drawn participation from Manitoba's universities. I am particularly pleased by this last point. Linking the intellectual resources of our university with the work of Government and private geologists benefits the mineral industry, while improving the quality of education offered. The praise with which the last agreement was received from industry staff, from both levels of Government, and from the academic community indicates that the mineral agreement format is an efficient and cost-effective way for the Government of Manitoba to fulfill its role in supporting mineral exploration and development. While no definite decisions have been reached, I do hope that a new mineral agreement can be negotiated to replace the existing one, which expires in March of 1989.

Manitoba's mining industry and the communities which are based on it are in a period of challenge and opportunity. I am committed to working with all the Parties to help them to meet the challenges in a spirit of cooperation and initiative. There are exciting

prospects for potash development, precious metals, and industrial metals. With fair taxation and royalty rates and a cooperative approach, I think that this Government can be an important catalyst in this process.

Manitoba's petroleum industry faces many of the same challenges as our mining industry. Fluctuating oil prices and declining reserves in some of the most prolific fields have forced Manitoba oil companies to look for new ways to maintain the viability of our small but dynamic oil patch. As with the mining industry, the results have been excellent. With little assistance from Government, the oil industry has responded to the challenge by drilling into new strata and improving and expanding their enhanced recovery program.

One of Manitoba's greatest natural resources is its enormous hydro-electric power. This is not a point of debate in the province. What is at stake is not whether we will develop the tremendous hydro potential, for Manitobans will develop it; the question is when, how and for whom it will be developed.

At this time, I would like to take issue with some of the remarks that the Member for Flin Flon (Mr. Storie) made when he read excerpts from the publication of the Department of Energy and Mines and Natural Resources on free trade. The Member—and I am reading from Hansard—the member said and he read: "Listen to this about energy price levels in Canada. 'In all cases, however, the impact of the agreement is unlikely to be significant.'" That is in quotes. I do not think there is anyone in their right mind who could conclude that if they knew anything about how energy is priced.

I would like to now read a little more from the publication that the Member read. I will start off with the sentence before his quotation, and the sentence reads: "The effect of the Canada-U.S. Free Trade Agreement on energy prices in Canada will depend partly on which commodity is considered. 'In all cases, however, the impact of the agreement is unlikely to be significant.'" The last sentence is what the Member read.

Now, the publication reads "in all cases." Now we will take oil, and I will read from the publication, "Trade in oil between Canada and the United States is now mostly free of trade barriers."

Read about gas: "The deregulation of natural gas markets and prices in Canada has meant that natural gas, whether sold on the domestic or export market, is now sold under terms freely negotiated by buyers and sellers."

And for electricity: "If export revenues are higher as a result of the agreement, the most likely scenario, domestic electricity rates could be set lower inside the exporting province without a reduction in the utility's regulated return."

Now if he ever read all these paragraphs, we would have had a totally different picture.

I will read another selected sentence from the Member's speech. This is on page 41. "There is nothing

in the agreement that precludes Government from setting domestic energy prices higher than export prices."

"In other words, we can sock it to our own consumers" is the Member's remark on that one.

I will read the whole sentence now. "There is nothing in the agreement that precludes Government from setting domestic energy prices higher than export prices as was done in oil in the 1960s." -(Interjection)- If the Member feels that this booklet is that authoritative, then I will read a few extra excerpts:

"In terms of future energy policy, Canada has, under the agreement, retained its ability and responsibility to formulate and implement energy policy for the benefit of Canadians."

In another place: "Our ability to implement a strategy of assistance for mega projects on a case-by-case basis remains intact."

If the book is worth quoting from for the Member for Flin Flon (Mr. Storie), I guess it has some authority to it.

* (1640)

Mr. Deputy Speaker, the mandate of Manitoba Hydro is quite clear, and I believe it to be the right mandate. Its primary obligation is to provide a reliable source of electricity to Manitobans at the lowest possible cost. This does not rule out export sales but it puts them in context. Exports are not an end in themselves. They are a means. If we can keep our Hydro costs down by selling surplus power, few Manitobans will object but, if we have to raise Hydro rates to subsidize ill-advised export agreements, then Manitobans have the right to demand that something be done about it.

Export sales must be viewed as just one option among several. We must also examine alternate ways to reduce our electricity costs while ensuring adequate supplies for the future.

Increasing conservation efforts and postponing expensive new construction projects may be the most sensible course for the Government. Energy-intensive industries may invest in Manitoba because of our hydro-electric potential, creating jobs, spin-offs, and tax revenues. These courses are not mutually exclusive and the job of Government as responsible stewards of the public purse and the common good is to balance the possibilities without preconceived judgment.

I hope that this Government can complete export sales, sales which will cover the incremental costs of generating the power while at the same time earning a profit which can keep down our domestic rates. I hope I will see major new energy-intensive industries locating in Manitoba, bringing jobs and tax revenues. I hope that we can help Manitoba consumers and businesses reduce their energy consumption through sound energy-management techniques. But we must be clear that we seek these benefits only if the cost to Manitoba is not too high.

My goal as Minister of Energy and Mines is to examine these options with an open mind and see that decisions

are made on the basis of long-term interest to Manitobans, not preconceived ideology or short-term political self interest.

I have tried to look at my responsibilities in the light of the views of the role of Government which I expressed a few moments ago. I think that those views are particularly appropriate in the area of energy conservation. Good energy management is a valuable and an increasingly vital tool.

Manitobans cannot maintain their standard of living and Manitoba businesses cannot remain competitive if they do not respond to the long-term increases in energy prices with more efficient use of energy. North Americans use far more energy per capita and more energy per unit of production than any other country in the world. We have fallen into bad habits because of our bountiful supply in expensive energy but, in an increasingly competitive world, we cannot afford to squander the natural advantages that our hydro-carbon and hydro-electric resources offer us.

Let us go back to the question, do we need to use energy more wisely. The question is: what is the most effective way for Government to encourage good energy management? Both business and residential consumers must take the responsibility for energy management. I believe they will do this, because it will benefit them in the form of lower operating costs for homes and businesses.

The Government has the task of ensuring that they have the necessary resources to do this effectively, not many resources because conservation-related spending is a profitable investment which pays for itself and then pays dividends for years to come. The resources we need to offer are in the form of objective up-to-date information which allow consumers, individual and corporate, to make intelligent and effective energy-management decisions.

Government programs which educate people on how to reduce energy waste, and which explain the costs and benefits of various approaches and technologies need to be continued. The rest should be left to the wisdom of the market. I do want to stress that this will only work effectively if the market is not distorted by Government subsidies of energy costs, be they direct or indirect. While in the area of energy development, the use of this position has been held most strongly by our environmental conservationists in alternative energy groups. Yet, this approach is nothing more than sound business practice.

While most of my responsibilities deal with economic growth and development issues, I also have the honour of being the Minister responsible for Seniors. This is a new portfolio, and its very creation indicates the importance this Government attaches to the needs and aspirations of Manitoba seniors. In keeping with my vision of the role of Government, I do not see this portfolio requiring a new layer of Government bureaucracy but rather acting as a catalyst and advocate for non-governmental senior programs.

My first responsibility is to assess, in cooperation with seniors' organizations, the needs of Manitoba

seniors. We must then look at existing programs and evaluate where they can be improved. I also see my role as being an advocate for the concerns of seniors, both in Government and in the community at large.

It is my belief that Manitoba seniors have two deep and just desires. One is basic economic security in their retirement years, and Canada's pension programs, Medicare and related federal and provincial programs are designed to meet this need. They need to be protected and, where possible, improved. The second basic desire is that society treat them with respect and dignity, recognizing their abilities and diversity. Government agencies and programs must recognize this as a second pillar of retirement with dignity. As a society, we have much to gain by such an approach. It not only encourages seniors to enjoy their retirement years, but it also encourages them to continue to play a vital role in strengthening and enriching our social fabric.

We face daunting tasks in meeting our collective responsibilities to the people of Manitoba. I look forward to working with the other Members of the House both in the new Government, which I am pleased to be a part of, and in the Opposition benches. I pray that together we can meet the responsibilities placed upon us.

I thank you.

Mr. Paul Edwards (St. James): It is with great humility that I rise to give this, my first speech in the Manitoba Legislative Assembly although perhaps it is not quite my first speech, humility because of the great honour that has been bestowed upon all of us by the people of Manitoba to steer the course of Government in a fair and equitable manner.

In my campaign, I talked about trust in Government above all and trust in your politician. I said that the voters of this province must trust their politicians because they get very rare opportunities to really exercise their democratic rights. Between voting days, that trust must be present. No Government or politician can fully predict the matters which will arise in the course of a term, so it truly becomes a question of trust in the integrity and honesty of Government on a day-to-day basis.

* (1650)

I want to congratulate the Speaker in his absence on his election to the high position he holds. In the short time that we have been present in this House, it has become clear that this is going to be a lively House. I will participate in that to the best of my abilities. His role in the workings of this House is going to be vital and, if the first three weeks are any indication, his guidance will be a great asset.

I want to also congratulate you, Mr. Deputy Speaker—a colleague of mine in the practice of law, I am proud to say, and MLA for Seven Oaks—on your election to your position of Deputy Speaker. I will add a brief personal anecdote that you and I are both relatively young lawyers. I have had dealings with you as lawyers and, as good Liberals, we have reached very amicable

settlements. I know that your good sense will prevail in this House as it did in that case.

I know that the people of this province expect great things of this Government and of us all. I know that they have hopes and dreams which we must all struggle to meet as I am sure we will. Being a new Member myself and a relatively young Member, I hope that my participation in this House will bring energy and freshness of approach, assets which I believe are valuable and will come to bear in this House, and I am not alone. Being young and new has its advantages, and I have come into this House with great expectations of myself and of the House and, to borrow a phrase, "asking not why, but why not."

I will hope that with the combined energy of youth and the discipline of hard work, I will prove an asset to the Official Opposition. We will all hope to hone our skills in our critic portfolios in preparation for the next election when we have no doubt that rural Manitobans will join with the clear trend in this province toward a moderate, political view represented by the Liberals in Manitoba.

Let me go on to formally congratulate our Leader, Mrs. Carstairs, not just on her obvious popularity with the people of this province but on the qualities that the people have detected in her, which they did not detect in the Premier (Mr. Filmon) of this province. Let me congratulate her on her honesty, her integrity, her forthrightness and on her willingness to take sides and make tough decisions, something this new Government does not seem to want to do. This, in my view, is the true sign of a leader. A leader is willing to make enemies.

We must all be cautious never to fall in love with being in politics, because politics is more than being an advocate for a position. It is at once being the advocate and the judge. We cannot avoid making tough decisions. It is a tricky balance between heeding the wishes of the people during a term of office and following one's own sense of fairness and morality in the day-to-day issues which face this province.

But it is that balance which the Liberal Party in this province and in this country knows well how to strike. We are not the Party of special interest groups. We are not the Party of a region or a particular language. We are the only Party that has been able to incorporate the many diverse interests in this country and in this province. We are the only Party that has achieved that goal in this nation's history. That is why, ultimately, as long as this country exists, the majority of people will be fundamentally Liberal.

Mr. Deputy Speaker, that is the sad truth about the NDP and the Conservatives. The polls of the dialectic represent the reactionary swings in the political spectrum. Try as they will, those Parties cannot usurp the common sense of the centre position because truth is at the centre of the dialectic, and that is where the Liberals lie.

The people in this province came back to the centre on April 26 because they had a desire not just for change, they had a desire for a return to balance in the political spectrum, in the economy, in the labour

relations field and in everything else that had gone awry in this province. They wanted honesty, integrity and hard work, and they want straight answers. They want straight answers—something they did not get in the Budget. These answers are not simple answers and they are not pat answers, they are straight answers, and straight answers takes making enemies. That is something that we as politicians have to live with and have to take the risk of.

I want also to congratulate all of the candidates in this past election because I truly believe that to run for office is a great contribution to our political system. I know now what running for office entails. The personal sacrifices are large and a great strain on family life. All of the candidates in this election should be congratulated for bringing their voice to the political dialogue which is valued and appreciated. We all benefit from these voices, whether successful at the polls or not, so congratulations and thank you to all of the candidates.

Let me say a special thank you to all of the families of those candidates. As I have mentioned, I know the strain that running for office can bring—it was a great strain on my life and on my family's life. Politics has been like all other demanding professions, the death knell of many a marriage. Let us all resolve never to practice politics at the expense of our families. We do no favour to the people of this province by doing that. Strong families make strong communities which makes a strong province and a strong nation.

As we sit in this often aggressive and adversarial House, we will need those families, and as we participate in this clashing of ideas that our democratic system has set for us, we will all need on a regular basis the strength and support of these families. They are not to be taken for granted, they are not to be abused.

If you will indulge me, my personal history and my presence in this House today is largely tied to my history and my family. My history is one of being persuaded to the Liberal cause from the earliest days. My grandfather was a Liberal Member of Parliament for Calgary South under Mackenzie King, and my father is Liberal to the core. I feel fortunate that I was raised in a home in which political dialogue was the main fare every night. My father is a United Church minister, and so often the political dialogue was mixed with religious dialogue and was spoken of with equal fervor. So you know how seriously I take my politics. God and Trudeau had equal ranking in my home for quite a while. Trudeau slipped briefly, but he is on his way back up.

I also married into a very political family. My father-in-law has been heavily involved in politics in this province and has, in fact, run for office. His daughter, my wife, as a result, is certainly no stranger to politics, even though she does not like it. She married me in spite of my obvious attachment to political debate and my barely hidden political aspirations when we were courting. She probably did not think it would be quite this soon.

However, as you may gather from my earlier comments on the importance of family, my wife is my greatest support and my greatest source of pride, next

to my one-year-old daughter, Beth. When I decided to run for nomination in the St. James constituency, and indeed, even after I won that nomination, my only campaign worker was my wife. At that time, our daughter was not even one-year-old, and the three of us started and finished that campaign. Whatever happens in the rest of my political career or any other career, I will never forget that contribution.

I want to pass on congratulations on a personal note to the Member for Lac du Bonnet (Mr. Praznik) on his recent addition to his family. My congratulations to him and his wife, and my congratulations and best wishes also to the Member for Fort Rouge (Mr. Carr) and the Member for Inkster (Mr. Lamoureux), who are two others that I know of who will soon go through this wonderful experience of childbirth again. I cannot give advice, certainly to the Member for Fort Rouge, but I can to the Member for Inkster, and I know that a child brings many, many changes in one's life. However, the fact is that once the child has come, amnesia strikes all of your plans for trips to Hawaii and Europe and you simply get caught up in the joy of parenthood.

* (1700)

I want to talk briefly about my constituency, St. James. It is an extremely interesting constituency, a very diverse one, both ethnically and economically. The borders are Downing and Minto Street on the east, Notre Dame and the airport on the north, Belvedere on the west end, and the Assiniboine River and Portage Avenue on the south. The constituency is mostly made up of hard working, middle income and lower middle income families who, during the course of this campaign, and I had the privilege—unlike the other candidates in my constituency—of visiting approximately 90 percent of the homes in that constituency. It was a great honour and a great pleasure, and it was simply time that stopped me from visiting 100 percent.

Those people expressed to me concerns about the quality of life in their neighbourhoods and concerns about the quality of government in their province. St. James is a proud community with a strong sense of identity and pride. The problems that the people of St. James are facing and are particularly concerned about are crime in their community, in particular the protection of the seniors and their interest in the communities which are increasingly down town communities in the west end of the constituency; increasing traffic and the problems that flow from that, what with having the arena and the stadium in my constituency and the planned corridor with Charleswood which will be a high detriment, in my view, to that community in terms of traffic; the noise and increased danger that traffic brings and the noise brought upon my constituency by the Winnipeg International Airport which I am pleased to see has recently caught the attention of the press, is paid for by my constituents. The ease of access to that airport is paid for by the people of St. James. I am committed to looking into the alternatives that are there to alleviate that problem.

Infill housing is another recently arisen problem in St. James. Houses are being squeezed into 20 foot wide and 25 foot wide lots in already crowded

neighbourhoods. The CF-18 fiasco remains high on the list of concerns of people in St. James. Despite the attempts of the federal Government to buy back the pleasure of those people, I am happy to say and proud to say that they have been unsuccessful. The people of St. James cannot be bought, and that was proven in the recent provincial election campaign where I am sure my campaign will come in under a third of the other two. The federal Government missed the point by trying to buy back the people of St. James. They missed the point that merit should be rewarded and that should be the criteria. This Government should hearken to that lesson as it continues to strip boards of competent people and put in true blue party hacks. The people of St. James cannot be bought.

The Attorney-General's Department is of course an extremely interesting one to me, being a lawyer, and I am very pleased and honoured to have been appointed the critic for this department by our Party caucus. I am the fourth lawyer in my family and I am the second politician, and I know what important work this department does. Justice must be done and justice must be seen to be done. I was pleased to read the themes put forth in the Speech from the Throne in the Attorney-General's area. I look forward to progress. I might add that I am getting tired of being told to wait. I was happy to see the increased funding, in particular for the commission looking into aboriginal justice issues.

If you will permit me, Mr. Deputy Speaker, I want to go into that area briefly as it is an area of particular concern to me. I echo the comments of our Leader that this commission should not take as its mandate how our system can better serve Natives but should first and foremost recognize the legitimate aspirations of the aboriginal peoples in this province and in this nation. Along that vein, I was very pleased to see that four Manitoba tribes have recently signed self-government agreements with the federal Government. I congratulate these tribes and I look forward to their growth and greater independence in this nation.

A brief personal anecdote related to my increasing interest in Native problems in this country is that when I was 18, I went to India for seven months and I was immediately impressed by the history of that culture. It is thousands of years old and it has been a fascinating culture which westerners continue to admire and search out for guidance.

What I quickly realized after I had been there a short time was that my educational system had let me down, had failed me. I was not taught the real history of this nation; it was forgotten. History started for me when I was in school upon contact with the white man. I was not told the real history, which was that of the Natives, and the Natives do go back thousands of years on this continent and in this province.

That detriment simply will not do for our children as they go through the educational system. Our Native peoples have climbed back to strength in our society and they are not going to let go—and power to them! The Native Commission should keep this in mind.

I have been disappointed, on a larger note, at the lack of a fresh approach to the problems which face

the justice system in this province by this Government. I look forward to some progress.

The Land Titles Office problem in Winnipeg has been dealt with, in my view, by throwing money at it—uninformed, unimaginative, unwise. No one runs a successful business on overtime. The Conservatives who have told the people of this province that they know business and they know how to manage business should know that. You are going broke if you are on overtime and you need a new manager. These are the people who say they know business. That money should be spent giving the people of this city decent service on a permanent basis.

I was pleased to see that Corrections was included in the Attorney-General's (Mr. McCrae) Department at the time that the Conservatives took over. I think this makes sense and I am convinced that the social service emphasis of the Corrections Branch can be accommodated with proper management in the Attorney-General's Department.

The commitment to rehabilitation in the corrections system has never been taken seriously enough in my view. True, first and foremost must be the protection of the public; that is the first mandate of our correctional system and indeed of our justice system in the criminal side. However, how does the public gain from incarceration without training, without effective preparation for life in the real world?

The sad fact is that we know, from the Canadian Sentencing Commission and their recent report, that the single most important factor in the ending of a life of crime is age. That is a pathetic statistic which sheds light on all of our past attempts in this area which have been abominably a failure. We know it is our poor that are in jail. We know in this province that largely it is our Natives that are in jail. We know that socioeconomic factors are at the root of the vast majority of crimes and we need new thinking desperately.

Our corrections system is a sinkhole for tax dollars and we really get very little in return. We lose all the way along. A person commits a crime and generally starts at a very young age. A person goes to an institution which is incredibly costly. The recidivism rate tells us that the chances are that person is going to come back after committing another crime. We are doing nothing for the people who start in a life of crime, oftentimes through no fault of their own, and we are doing nothing for the taxpayer, we are doing nothing for the public. Corrections is given no status in the Speech from the Throne. There is no vision.

* (1710)

Other problems that are facing the Attorney-General's Department: morale in the Prosecutions Branch, as has been raised by our Leader. We eagerly await the report of Mr. Justice Dewar and trust and hope that this will clear the air resulting from the ticket-gate fiasco.

Further, we have to look, in my view, at new ways of scheduling court dockets and Crown Attorney caseloads. We have to look at better administration because the backlog in the courts, as in the Land Titles Office, is chronic and intolerable.

Again justice must not just be done; it must be seen to be done, and beyond that, it must be speedy justice. That is a critical aspect of the criminal system recognized by courts and indeed the Supreme Court of this country many, many times over and enshrined in our Charter of Rights. We have a right to speedy justice.

Let me move on to the Budget. I thank you for your indulgence as this is the—I did not make a response to the Speech from the Throne. The Budget, in my view, is a great disappointment to the people of this province. The people knowledgeable about the justice system are no exception to that. The lofty aspirations of the Speech from the Throne were cast asunder by this pitiful, pathetic excuse of a Budget.

After the people of this province have shouted out—indeed, they have cried out—for new initiatives, new leadership, something worth voting for, they have been handed a document which changes a few words and changes a few letters. The Public Trustee, the Land Titles Office, the new Remand Centre—all get second ranking and, indeed, the shaft.

The administration in the Finance Branch of the Attorney-General's Department gets almost \$1 million more. The Communications Division gets \$129,000 more. This Government had hundreds of millions of dollars in extra revenue this year because of sheer luck, and it turned that luck into its own petty political advantage. It did not turn that good fortune back to the good people of this province, back to the consumers; it beefed up Government and it beefed up the Premier's Executive Office.

The Government should know that no number of media advisors is going to help their Leader because the people of this province will not be fooled in their search for strong leadership. In this House that call for leadership is falling increasingly on the shoulders of this side of the House, and this side of the House is not disappointing the people of this province.

As the Honourable Member for Lakeside (Mr. Enns) so aptly put it earlier today, the Liberal Party truly is the Government-in-waiting and that becomes so much clearer everyday.

Mr. Deputy Speaker, I thank the indulgence of this House in going into areas away from the Budget. I thank you all for your time. I look forward to working with all of you in the coming years and to produce what I feel this province is waiting for—that is strong leadership, that is trust in Government. Thank you.

Mr. Gilles Roch (Springfield): Thank you, Mr. Deputy Speaker.

It is a pleasure for me to rise today and participate in the Budget Debate, and, unfortunately, I welcomed everybody else to the House during the Throne Speech Debate and I neglected to welcome you in your new position. I would like to do so at this time and I wish you well in your position. I see you are being relieved already! Mr. Deputy Speaker and Mr. Speaker are both in the Chair right now.

I think that despite what we have heard from the media and other Members opposite, I happen to believe

that this is a good Budget. It is not perfect. No Budget will ever be, but it is a very good Budget, worthy of our support. It has been criticized because of its similarity to the previous NDP Budget, but there are reasons for this. Before I go into the reasons for this I would like to quote the Leader of the Opposition in a couple of comments she has made in regard to this Budget and in the election.

During the election, she said that she could not possibly promise to hold personal or corporate taxes at current rates, and now she wants them cut. The exact quote was, "How can I bring down the debt and deficit of the province and commit to holding down taxes?" We did it. True, there was—maybe some call it a windfall, there was a few extra dollars coming around—but had that money been in the hands of the previous Government, would they have done what we did? I doubt it very much.

(Mr. Speaker in the Chair.)

The Leader of the Opposition referred to the Leader of the Second Opposition, the Member for Concordia (Mr. Doer). He said his proposed tax cuts would simply mean less money for social services and education that right now is being demanded by that very caucus that we do exactly that. We were criticized for not spending enough and we are criticized for spending less. I do not know where both Oppositions are coming from actually.

I would like to quote a paragraph of an editorial from yesterday's Free Press. It goes this way, "Given the fact that he has been in office only since May, it is not surprising that Mr. Manness' Budget bears such a resemblance to the one that led to the defeat of the Pawley Government and precipitated the Conservatives into office. No one can change a government's fiscal plan in a few months. Mr. Manness' main contribution at this stage of his career as Finance Minister has been to devote most of his fiscal windfall from Ottawa to a sharp reduction in the deficit and in establishing more realistic budgeting practices which reveal the true, substantial weight of the provincial debt on the Government and people of the province."

That sums up, to a certain degree, what has been done in this Budget. Again I raise the question: what would have been done by the previous Government had they had this windfall? I am afraid that it would have been squandered, but I ask, had the Liberal Party formed the Government, what would they have done? Would they have done as we did or would they have done as some of their Members say, spend, spend. We do not know. We may never find out. We are not sure.

Despite the similarities that are referred to, there are differences. There are differences in the way that the deficit is being reported. The major difference is the way the deficit is being reported as well as in the way the people's money is going to be administered and managed. That is one thing that is important to remember, that the Government has no money. It is the people's money. We are here entrusted, whether in Government or in Opposition, to do what is best for the people of Manitoba. I think that the previous Government—let us have a major example first. The

deficit is now down to \$196 million, and that, despite the fact that \$110 million has been added to the deficit to reflect the true picture of the provinces financial affairs.

I would like to make a quote from page 7 in the Budget Address, "Sound fiscal planning must be based on an accurate accounting of the financial obligations facing Government. Manitobans have a right to receive a true and complete accounting of the fiscal circumstances facing the province, including an accurate valuation of debt ultimately carried by the taxpayer, and losses incurred in Crown corporations and agencies."

* (1720)

To bring the deficit down to \$196 million from \$311 million is very good news. I think, through sleight of hand or cooking the books or whatever you want to call it, the previous administration was not giving Manitobans a clear picture of what our financial situation actually was. Let us face it, debt reduction is an absolute necessity to halt the hemorrhage of taxpayers' money from the province to foreign bankers.

I would like to make another brief quote from the Budget Address. On page 8 it says, "Interest paid in the money markets of the world is not available to provide good education, good health care and good roads in Manitoba." That is to cite but a few examples. As my colleague from Lakeside (Mr. Enns) said earlier today, all this money which is going to the bankers of Zurich, the bankers of New York, the bankers of Frankfurt, the bankers of Tokyo, this is all money which is not, cannot, will never be spent in Manitoba for the betterment of Manitobans. It is a very sad state indeed, when we have a Party who tried many times to equate us with big business, with the big bankers. Yet, as I said to the former Member for Rossmere, the former Attorney-General at one time, they are the ones, when he was Finance Minister, who went crawling on their bellies to those very bankers. They were their best friends, they are the ones who got us into this mess, and now we are the ones who are left to clean up the mess. The Finance Minister heads the department, but it is incumbent on the Government to clean up the whole mess. Unfortunately, they will have to take some of the flack for it which is unfair.

Among many other things that Manitobans need and desire are a need for financial well-being. Although at one time, if you mentioned deficit and debt reduction, people could care less. Various questionnaires I have sent out over the last two years, at first there was not much interest, but in the last one I had sent out before the previous Government fell, debt reduction and deficit control were uppermost in people's minds. It got to a point where socialism and debt went together like ham and eggs. That era is now over. I believe, Mr. Speaker, that we are now on the road to fiscal responsibility. With proper management, we will ensure confidence in our province, there will be economic growth, more jobs, and thus, prosperity. The key is proper management.

I am confident and hopeful and, indeed, I think we are starting to see the results that the new Ministers

will do just that. It is incumbent upon us as a Government, it is incumbent on them as Ministers responsible for various departments to see to it that our money is properly managed. That is why Manitobans voted for change in the last election, and that is why they relegated the previous Government to third Party status, the "dirty dozen," as my colleague from Pembina called them. I hear the malicious muckraker from Elmwood there making comments, but he has been taken to task by the press already so I will just leave him to that.

What are the major positive aspects of this Budget? In agriculture, we have had drought relief. It could not have come at a better time—maybe better is not the proper term—at a more desirable time, given the current distress in the Prairies right now. It may not be as bad in Manitoba as it is in Alberta and Saskatchewan. To be quite honest, the area that I represent has not been hit too bad, but in Manitoba as a whole—and that would include the residents of Winnipeg—we feel the effects. We are feeling it today or we will be feeling it next week with the rising cost of milk.

The fact that there has been a 50 percent increase in agriculture's budget is proof that this Government is interested in maintaining a healthy agriculture industry. After all, if people cannot eat, everything else does not matter. When I say "people," I do not just mean Manitobans. I am talking about the world because, to a certain degree, Canada feeds a good part of the world.

That is why the reduction in school taxes was also very timely. It is not fair that we have a tax on land which is not based proportionate to income, because there are many times when those very same farmers have had losses and yet have had to pay taxes. So it is a beginning. It should be totally eliminated, but it is a beginning, and we are only beginning. This is not our first Budget—I mean, I am sorry, this is not our last Budget.

In the area of highways, \$7 million in new money, Members have said, I believe it was the critic, the Honourable Member for Assiniboia (Mr. Mandrake) who mentioned that it was not enough, but he realized that resources are limited and that it was welcome news that we had more money. I too, personally, would like to see more money in highways because our infrastructure needs it, but I too realize that resources are limited and that in a few short months we will be having another Budget. The fact is that these dollars added to highways are long overdue.

When I first became a Member in 1986, the previous Minister of Transportation, the Member for Dauphin (Mr. Plohman) slashed the Budget by \$12 million. Last year, he put back in \$6 million, but we were still short \$6 million. Now even with this \$7 million, we are only a million above what we had in 1986. Therefore, we shall have some way to go to catch up, but the fact remains that we have shown our commitment to restoring our public road transportation into the state that it used to be. As a matter of fact, our desire and commitment is to improve it.

It is very necessary to stop the deterioration of our transportation infrastructure, especially in rural

Manitoba where a lot of people use these roads to commute daily to and from their places of work, to and from their farms or even if it is strictly for pleasure. Of course, it indirectly helps boost our tourism industry because that was one of the main complaints. There were several, but that was one of the main complaints that tourists had about Manitoba, was the condition of our roads.

Increased spending in health, education and other community and social services are timely and needed as well. Obviously, in this day and age, maybe it is because of the lifestyle we lead—maybe we lead too much of a stressful lifestyle, I do not know—but the reality is there are problems out there that need to be addressed. While I realize that just throwing money at a problem will not solve them, the fact is to try and deliver effective programs you still need dollars and cents, and we have committed ourselves to doing just that.

In the area of Municipal Affairs, the fact that we have removed the cap on provincial-municipal tax sharing will help relieve the burden in rural Manitoba. It shows faith and our commitment to local governments, as well as our rural communities.

In the area of Tourism, the extra \$1 million for marketing is certainly welcome. I mentioned earlier the new road construction which will also help Tourism. Especially, I should point out, as was mentioned in the Budget and the Throne Speech, the twinning of Highway 75 will be a major boost to our tourist industry, especially vis-a-vis the American tourists.

Other such measures will help the Tourism industry and the province as a whole, but if I may be a little critical to a certain degree—if you can call it that—I believe that what is maybe needed in this province is a separate Department of Tourism that does nothing but look after tourism. I may have a bit of a bias coming from the hospitality industry, but we have long sought—we have areas in the United States where cities, and I agree they are very highly populated cities, but have their own little Department of Tourism.

Possibly that is one area that could be looked at in the future as having a separate Department of Tourism, because Manitoba has not fared all that well and it could be very well due to the previous Government, as the Member for Elmwood (Mr. Maloway) has said, that they were not doing well in the Tourism sector. But the fact is that Tourism is an important and growing sector of our economy which must be encouraged. It has to be encouraged to develop its full potential. In my opinion, the best way is through its own independent department.

My recommendation to this Government, of which I am a part, is to keep this in mind for the next fiscal year. I do not think there would be any regress on their part. It would not be a cost; it would be an investment.

One of the most positive aspects of this Budget is the beginning of the gradual elimination of the regressive payroll tax, a tax on jobs. One of the major, if not the major disincentive to job creation in Manitoba for many years since it has been introduced, and in

fact increased by 50 percent a year-and-a-half ago, has been the payroll tax.

There are some quarters who criticize us for beginning this process, but the fact is that the foregone revenue is not a cost but it is an investment in our future. It is a boost to small business beginning January 1, 1989, and its gradual elimination will encourage larger companies to locate here and indeed, for a company which is already here, to expand. Given the fact that we are one of only two jurisdictions in all of North America that had such a tax, it certainly was not encouraging for people to locate here.

We have enough, shall we say negative factors—because of geography, because of climate, because of many other items which are beyond our control. We need not create our own disincentives to job creation in Manitoba. I think that the fact we are beginning to remove this tax and the fact that we will be removing it entirely, eventually, will certainly spur investor confidence in Manitoba.

As I said earlier, no Budget is perfect and there are bound to be some disappointments, albeit mostly minor ones. I have heard some criticisms. I suppose the role of an Opposition, whether they are an Official or non-Official, or Second Official Opposition or whatever the terminology is, they have to look to criticize and from time-to-time Government Members will criticize too.

* (1730)

I must say that it is certainly gratifying to me personally and to many other Manitobans that the personal and sales tax will not be increased. Indeed, national tax reform will, and is reducing income taxes for most Manitobans. But I must add—and I realize that I may be getting a little ahead of myself—it is nevertheless disappointing to me that the 2 percent surcharge on net income tax has remained intact. I may say that because it too is a very regressive and negative tax, which can also be a disincentive for people to locate here.

But, having said that, I fully realize that debt reduction and job creation must be priorities. In order that the reduction for individuals can become a reality—and when I say reductions, I mean reductions in taxes—we have to have the job creation, we have to have the industries, and we have to have the revenues. Given the fact that another Budget will be brought down within a few short months, possibly February, possibly March, whenever we go back in the next Session, it is certainly my hope, my desire, and my suggestion that we begin the process at that point to gradually eliminate the 2 percent tax on net income, as we are doing on the very regressive payroll tax.

Now, there have been some quarters again, which have criticized us for not doing it right now, and possibly I have been a little critical myself at this point, but I am saying also, I am pointing out and stressing that not everything can be done in one shot. And no matter who would have formed the Government—well, we know what one group did, that is why they are where they are today. But even if another Party would have formed the Government, they would have been faced

with the same circumstances and they have to prioritize. I think if you prioritize job creation, and give people the ability to make money and pay taxes, you widen your tax base. Then, after a good, healthy year of debt reduction and job creation, we can go on to reducing personal income taxes.

M. le président, le fait que ce budget a inclu 55 millions de dollars en aide pour le Manitoba rural, est certainement de bonne nouvelles pour ceux parmi nous qui ont choisi de demeurer et vivre en campagne. C'est un signe que ce gouvernement a l'intention de maintenir autant que possible, une qualité de vie semblable à celui de nos amis urbains. L'aide financière à nos agriculteurs durant ces temps, des temps qui sont très durs pour eux, et aussi pour les communautés rurales dépendants sur l'économie agricole, est un signe que le gouvernement conservateur n'a pas abandonné, et au contraire, supporte le Manitoba rural autant que la ville de Winnipeg.

La construction de nouvelles autoroutes, autant que la réparation des autres, est aussi un signe que nous voulons garder une population vibrante dans la campagne. Le support dont nos municipalités ont besoin, est un autre signe que nous voulons que ceux qui choisissent, ou ceux qui sont obligés de vivre en campagne, ont une qualité de vie semblable à ceux qui restent dans les villes.

Tout ceci sont des initiatives, qui parmi les autres, vont être très bien reçues, et aussi bienvenues par les campagnards. N'oublions pas aussi que le fait que le coût d'immatriculation de nos véhicules n'augmentera pas de 25 pour cent, comme le voulait le gouvernement ancien, le gouvernement défait. Ceci est un atout, non seulement pour les résidents de Winnipeg, mais surtout pour les résidents du Manitoba rural, qui ont souvent besoin de plus qu'un véhicule. C'est souvent le cas, non seulement pour ceux qui sont sur la terre, mais aussi dans les villages, et même ceux proches de la ville, comme dans mon comté qui ont besoin de deux ou trois véhicules pour se rendre à l'ouvrage, pour se rendre au village, quoi que ce soit. D'abord, le fait qu'on garde les coûts d'immatriculation à un point où c'est abordable, c'est un bon signe.

En conclusion, M. le président, je dois dire aussi que le fait que nous allons introduire à la prochaine année fiscale, un plan budgétaire pour plus qu'un an à la fois, c'est-à-dire, budgéter pour une demi-dizaine d'années, c'est une démarche dans la bonne direction. C'est une initiative qui définitivement fait du bon sens.

(Translation)

Mr. Speaker, the fact that this Budget includes \$55 million in assistance to rural Manitoba certainly is good news to those of us who have chosen to live in rural areas. It is a sign that this Government has the intention of maintaining, insofar as possible, a quality of life similar to that enjoyed by our friends in the city. The financial assistance provided to our farmers during these times, times which are very difficult for them and for rural communities, is a sign that the Conservative Government has not abandoned and, on the contrary, is supporting rural Manitoba as much as the City of Winnipeg.

The building of new roads and the repair of old ones is also a sign that we want to maintain a vibrant community in rural areas. The support needed by our municipalities is another sign that we want to help those who have chosen or who are obliged to live in rural areas, and ensure that they have a quality of life similar to urban dwellers.

These are all initiatives which, among others, will be very welcome to those living in the rural areas. We also must not forget the fact that vehicle registration will not increase by 25 percent, as the former Government, the defeated Government, had planned. This is an asset, not only for the residents of Winnipeg, but especially for residents of rural Manitoba, who often need more than one vehicle. This is often the case, not only for people in rural areas but also for those in villages and even those who are near the city, such as people in my constituency, who need two or three vehicles to get to work, to get to the village or whatever. The fact that we are maintaining registration costs at an affordable rate is a good sign.

* (1740)

In conclusion, Mr. Speaker, I must also say, that the fact that during the next fiscal year, we are going to introduce a Budget plan that covers more than one year at a time, that is, a Budget for around five years, is a step in the right direction. It is an initiative that definitely makes sense.

Mr. Minister, I commend you on a tough job which I believe, on the overall, was very well done. I believe this is a Budget which is worthy of support because it is the beginning of a series of Budgets which will contribute to the overall well-being of Manitobans, which will contribute to the overall well-being of the economy of our western region, and I think that to defeat this Budget would not sit well with Manitobans and they would reply in like at the polls.

Mr. Speaker, I thank you for this time in this debate.

Mr. Jerry Storie (Flin Flon): Mr. Speaker, I must say my opportunity to speak came sooner than anticipated. I had looked forward to hearing more from the Member for Springfield (Mr. Roch). I always find his remarks entertaining if nothing else.

It is somewhat a dubious pleasure to have the opportunity to speak for a second time on a Budget which, in some aspects, remains unchanged from a Budget that we spoke on not that long ago. I guess if one were to weigh carefully the changes which have been made in the intervening months, it comes somewhat as a surprise to find that in terms of the establishment of priorities within many of the departments, the emphasis has not changed significantly. I know that the Minister of Finance (Mr. Manness) would bristle at the suggestion that this in fact was similar to the Budget that they quite joyously defeated only four months ago.

There are, however, some distinctions between the Budget that was introduced on March 8 by the previous Minister of Finance and the Budget that was introduced by the now Minister of Finance, and I would like to

take some time to dwell on those distinctions because I think they are instructive to the people of Manitoba for the long term.

First of all, I would like to begin, however, by reiterating a theme that was introduced by my Leader (Mr. Doer), and that is that this Budget, sadly, is more a series of missed opportunities than anything else—missed opportunities not necessarily to enhance spending on a number of programs that all of us would like to see enhanced, whether it be support for day care, support for increased funding to foster care families, support for home care activities. There is an endless list of quite noble programs that have served Manitobans for, in some cases, decades that could be enhanced.

I do not think that there is too much in this Budget to be faulted in the area of maintaining spending. There are some subtle signals, some subtle changes in the departmental spending patterns which have changed and I think are of concern. We have had people remark on perhaps the unnecessary changes to the deductible for Pharmacare. There have been other minor adjustments within each department. I have been reviewing the changes in the Department of Education, the Department of Energy, quite thoroughly and I will be taking some time during the Estimates procedure, our Estimates debate, to go over those. I am assuming, of course, that we will get to the Estimates stage because there is still a serious question about whether in fact, the majority of Members in this Legislature will be able to support this particular Budget.

The Member for Arthur (Mr. Downey) would suggest that I am hard pressed to oppose it. The reverse of that statement is also true, that I would be hard-pressed to support it. I will quantify my concern a little further in my speech.

I do want to say that in terms of missed opportunities, I did some quick calculations on the changes in revenue position for the current Government. If you look, there are several ways in which you can compare the figures. If you look at the Estimates for the '88-89 year that were tabled in the March 8 Budget with the Estimates of Revenues tabled in the most recent Budget, you will find some significant changes in the revenue that is available to the current Government.

I want to emphasize that is revenue available to them through no fault of their own—perhaps “no fault” is not the right word—through no concrete positive action that they have undertaken but, as the press has reported, the change in revenue is a windfall to them. Windfall is the appropriate term because they did nothing to deserve it.

The fact of the matter is that the previous Government—and, Mr. Speaker, I do not mind if they wave the first envelope, blame it on the previous Government on this occasion because we, as a matter of fact, the New Democratic Party Government, had set the stage for the increase in revenue from income tax, from corporate tax—the fact of the matter is that the stage was set for some of the windfall that came to the Minister of Finance (Mr. Manness).

As an example, if you look at taxes, Manitoba's own source revenue, the increase was approximately \$130

million more than the Budget estimate, March 8. If you look at fees and some of the fees that Governments collect from various departments, you would see approximately \$12 million more in revenue came to the provincial Government, to the general revenue coffers; in the Liquor Commission, approximately \$2 million more.

Now we get into the significant changes which come to us through transfers from the federal Government, including the income tax increases which are approximately \$98 million more than the figures presented in the March 8 Budget, and federal transfers, including equalization, which amount to some \$86 million more—a tremendous opportunity for the Government to achieve significant results in particular program areas or to achieve another result which Manitobans also look forward to, and that is the reduction of the provincial deficit.

The Member for Pembina (Mr. Orchard) has often quoted a comment of mine that I made in the first year of my tenure in this Chamber in 1982, at which time I said to him that a \$500 million deficit in 1982 was sustainable, manageable.

Mr. Speaker, I stand by that statement. I categorically deny the accusation made by the Member for Pembina that I ever said that a \$500 million deficit was sustainable forever. I did not say it because I do not believe it, nor did any of my colleagues, and the record of the Government in reducing the deficit is second to none.

This Government, which has received the windfall in one year, missed an opportunity to make significant progress in that area—significant progress—and they had some choices.

I am reminded of another Tory who used that line quite effectively in a debate: “You had an option.” This Minister of Finance had an option and he chose, as my Leader (Mr. Doer) has suggested, the path of least resistance. That, frankly, from a new Government, from a new Minister of Finance, is not good enough. The path of least resistance. He had a choice.

Mr. Speaker, I have just outlined the significant changes in the revenue position of the Government when it introduced its Budget last Monday. They knew their position had improved; they knew as they were preparing their Estimates that they could do better and they chose not to.

* (1750)

Mr. Speaker, the fact of the matter is that not only do the figures show that the provincial Government had available to it from revenue sources approximately \$150 million more than the revenue available to the previous Government when it was preparing its Budget, but it also made some other choices which, in the long run, are going to be detrimental to the people of Manitoba either by virtue of the fact that it is going to mean services not provided, services not enhanced, or by virtue of the fact that it is going to be a missed opportunity to reduce the deficit in what are unusual times because of the windfall available to the provincial Government.

What they chose to do was forego revenue of approximately \$30 million in their Budget exercise. They made those choices consciously. One of the examples was the choice of the Minister of Finance (Mr. Manness) not to introduce the 7 percent refundable mining tax, which was to replace the corporate income tax that mining companies paid in the province.

The Budget Address makes a very weak and unconvincing argument for that removal. It cost the province significant millions of dollars, perhaps as much as ten for that change alone. It was made on the basis, I believe, of inaccurate information given perhaps to the Minister of Finance, because one of the companies that would have been paying what would have been a minimum tax to the Province of Manitoba could have avoided what the Budget calls "double taxation" simply by adjusting some of their corporate operations. That could have been done easily and without a great deal of expense had they chosen to do it.

Mr. Speaker, he lost revenue for the province, lost opportunities to do other things like provide additional support to foster care families and to allow programs, like the In-vitro Fertilization Program, to continue by, I suppose, taking the advice of his big business friends, by succumbing—which is not a necessarily a nice word—to the pressures that were being applied to him and to the Department of Finance to make those changes. But he lost \$30 million in revenue in doing that, which could have been available to do one of the two things that I talked about earlier.

In addition, Mr. Speaker, we all know that because of the improvement in the Canadian dollar the revenue available to the Government improved by some \$50 million to \$60 million. If you add that up the Minister of Finance had approximately, or could have had, an additional roughly \$230 million more available to him.

An Honourable Member: What did he do with it?

Mr. Storie: What did he do with it? What did he do with it? He pats himself on the back rather enthusiastically because he has reduced the deficit.

The previous Minister of Finance, the previous Premier, said back on May 6 that they had revised Estimates for the year in question, and it was quite conceivable that a deficit of \$200 million was achievable. The fact of the matter is that the revenue projections coming from the federal Government improved even further and the chance for either enhancing services or reducing the deficit was even more significant than was thought at that time. The fact is that the spending of the provincial Government increased 6.7 percent.

We were berated in much more difficult times for increasing spending in the Province of Manitoba beyond inflation. We were berated by, in fact, both Opposition Parties at that time, for not containing Government spending, for not reducing Government spending and keeping it in line with inflation.

Here we have a situation, an unusual situation, in which a Government gets a tremendous windfall in revenue and has some choices to make, and what choices do they make? Do they enhance the services

that are important to the public? Do they choose selectively some very important public programs to support? The answer is no.

If you look at the funding for the public school system in this Budget, the increase is .042 percent, somewhere in that neighbourhood. If you look at the increase in funding to public day care, if you look at the increase in funding to the numerous health programs that serve senior citizens in this province, you will find no serious effort to use that windfall to advantage for the people of Manitoba.

Instead, what has happened is that private day care becomes the most likely recipient of Conservative Government largess—an unfortunate circumstance, something which is in fact moving the province backward. That is not the opinion just of Members on this side or this caucus, but in fact the opinion of many who work, who are involved in day care in Manitoba.

Did they choose to increase money for public school education, for primary and secondary education in the Province of Manitoba? No. Out of the seven million additional dollars that went to education, almost half went to the 9,000 select few students who attend private schools. A slap in the face to the 52 school boards, school divisions, school districts that operate in the Province of Manitoba and provide an education for the 95 percent, the 200,000 students in this province.

He chose instead to give almost 50 percent of the increase that went into education, as meager as it was, to a select few—those who, in the opinion of many, including the municipalities which the Members opposite supposedly represent, who opposed that kind of funding increase, have said so on occasion after occasion after occasion.

Mr. Speaker, he had another choice. He had a choice as to whether he was going to improve the financial circumstances of individuals, whether he was going to reduce the tax burden on individuals, on working families, on the working poor in the province, or give it to large businesses and to major corporations. He had a choice, he had an option; and he chose, and I think misguidedly chose, to forego revenue on behalf of the people of Manitoba by virtue of his changes to the payroll tax.

There is somehow a notion in this Chamber that those contributions from the people of Manitoba, by virtue of the revenue that is foregone, are going to make a difference in terms of the establishment and creation of jobs in the small business sector.

I remind the Minister of Finance (Mr. Manness) and the Minister responsible for Industry (Mr. Ernst) that from 1982 to 1988, Manitoba saw an increase of small businesses of almost 50 percent—undoubtedly the best record of small business creation across Canada. That was done without the kinds of incentives the Members opposite say are needed.

I remind the Minister of Finance that this is a windfall year. Next year this ill-considered option is going to cost the province approximately 10 times more next year than it is for this fiscal year. And who is going to suffer? What services are we not going to be able to

provide because this Government decided that that largess was necessary when all of the facts would indicate that it was not necessary, it was not required, and it is not an idea which is sustainable by any relevant fact?

He had a further choice. He had a choice when it came to the public commitment to continue to reduce the payroll tax. He had a choice on whether to increase the tax on leaded gasoline, the tax on cigarettes. He had a choice, and what he has chosen to do is ignore the real needs of some, not all, lower- and middle-class families and chose instead to be ideologically hidebound to the Conservative philosophy of what my Leader has called the trickle down theory. The trickle down theory lives in disgrace. It has been discredited in the Province of Manitoba. It was discredited from the years 1977 to 1981 and it will not work in 1988 any better than it did in 1977. The unfortunate fact of the matter is that Manitobans, the very people who we are supposed to collectively represent, are going to be the ones who are going to suffer. We have seen the unemployment statistics; we have seen the youth unemployment statistics. Those statistics are only a harbinger of what is to follow this particular philosophy, this economic philosophy.

The Minister of Finance had a choice, and I suppose that perhaps Members on this side could have accepted more gracefully if in fact the Minister of Finance would have had the intestinal fortitude to do what he said was his priority, and that was reduce the deficit. If he

had said, "This is the financial position of Manitoba, here is the current financial position of the province, here is what we are going to do with this windfall because we believe this is the best course."

I have said on another occasion that this Government chose the path of least resistance, chose to increase spending which I believe probably was a point of much discussion at Treasury Board and in Cabinet. They chose to do that because circumstances prevented them from following what could have been another course. The fact is that there is a minority Government and they too want to have it all ways. Unfortunately, because of that desire, this Budget falls far short of what it could have been. I think the priorities they have chosen are wrong. I think they are giving the taxpayers' money away to the wrong people on the basis of misinformation and misguided ideology. I think that is a tragedy.

I see you looking anxiously, Mr. Speaker, at the clock. If it is the will of the House to call it six o'clock, I will continue my remarks tomorrow.

Mr. Speaker: Is it the will of the House to call it 6 p.m.? The hour being 6 p.m., I am interrupting proceedings according to the Rules. When this motion is again before the House, the Honourable Member for Flin Flon will have 20 minutes remaining.

The House is now adjourned and stands adjourned until 1:30 p.m. tomorrow (Thursday).