

THE LEGISLATIVE ASSEMBLY OF MANITOBA  
2:30 p.m., Thursday, April 15, 1976

Opening prayer by Mr. Speaker.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed, I should like to direct the attention of the honourable members to the gallery where we have 20 students, Grade XI standing, of the Shoal Lake Collegiate. These students are under the direction of Mrs. Rita McLennan. This school is located in the constituency of the Honourable Member for Birtle-Russell. On behalf of all the honourable members I welcome you.

Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Ministerial Statements and Tabling of Reports; Notices of Motion; Introduction of Bills; Questions.

The Honourable Member for River Heights.

ORAL QUESTIONS

MR. SIDNEY SPIVAK Q.C. (River Heights): My question is to the Minister of Mines and Natural Resources in connection with the Manitoba Development Corporation. There were questions asked of him on this already with respect to Saunders Aircraft in the sale to Colombia. It now appears that there is a repossession that has been undertaken and I wonder if he can indicate whether the government was involved in the original decision with respect to the nature of financing on the sale of the three airplanes to the the group in Colombia.

MR. SPEAKER: The Honourable Minister of Mines.

HON. SIDNEY GREEN Q.C. (Minister of Mines, Resources and Environmental Management) (Inkster): Mr. Speaker, I can't recall, but my present recollection is that the financing was done through the Manitoba Development Corporation, so if you are asking whether that would be an extension - my recollection is that the financing was done through the Manitoba Development Corporation.

MR. SPEAKER: The Honourable Member for River Heights.

MR. SPIVAK: I wonder if he can indicate whether as Minister, or whether the Minister then at the time if he wasn't the Minister, or the Cabinet, requested of the Manitoba Development Corporation, information about the principal and what guarantee of payment for the planes would be undertaken.

MR. GREEN: Mr. Speaker, I have to say that I can't recall, I don't even know whether it would be proper of me to discuss what was discussed in Cabinet, but I think that it is fair to say that my understanding is that all of the financing arrangements were done through the Manitoba Development Corporation and were done within the terms of reference of the Development Corporation at that time. Mr. Speaker, I believe that this subject was canvassed with the Chairman of the Board of Directors of the Manitoba Development Corporation on several occasions in committee and can of course again be canvassed this year.

MR. SPIVAK: I wonder if the Minister can indicate whether the Minister in charge of the fund, or the government, requested from the Manitoba Development Corporation information to determine whether the company purchasing the airplanes was a shell company or is a company with substantial assets to meet its liabilities.

MR. GREEN: Mr. Speaker, that would be a matter of the commercial transactions of the Manitoba Development Corporation.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. L. R. (Bud) SHERMAN (Fort Garry): Mr. Speaker, my question is to the Honourable the acting Minister of Labour. It arises out of the labour dispute at the Manitoba Forestry Resources Complex at The Pas. I wonder if the Minister can advise the House whether operations of the Complex are totally shut down at this time.

MR. GREEN: Mr. Speaker, certain portions of the operations are not being serviced by members of the work force. Certain portions, I can't say that the entire operation is shut down.

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MR. SHERMAN: A supplementary, Mr. Speaker. Is production at the plant continuing? Is the production aspect able to continue?

MR. GREEN: Mr. Speaker, there are several parts of the Complex. I should be more definitive, but I believe that this refers to one portion of the work force.

MR. SHERMAN: A final supplementary, Mr. Speaker. Does the Minister have any advice or information as to the outlook for early settlement in the dispute?

MR. GREEN: Mr. Speaker, when the men choose to come back to work, the dispute will be settled.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, I wish to direct my question to the Honourable Minister of Tourism and Recreation and responsible for the Manitoba Liquor Control Commission. The First Minister indicated that the liquor increases will take effect on May 15th. In view of the announcement by the Chairman of the Liquor Control Commission that the increases will take place May 3rd, can the Minister indicate and tell the House when will the increases take place?

MR. SPEAKER: The Honourable Minister of Tourism.

HON. RENE TOUPIN (Minister of Tourism, Recreation and Cultural Affairs) (Springfield): Mr. Speaker, I issued a press release yesterday indicating that the new rates would become effective May 3rd.

MR. PATRICK: A supplementary. Can the Minister indicate why the discrepancy as to the Budget announcement and the change.

MR. TOUPIN: There must have been a slip somewhere in regards to the mixture of dates, but the date that was recommended to me by the Liquor Control Commission and contained within my press release is May 3rd.

MR. PATRICK: A supplementary, Mr. Speaker. Can the Minister indicate who made the slip, the First Minister or the Minister responsible for . . .

MR. SPEAKER: Order please. Order please. It's irrelevant. The Honourable Minister of Tourism.

MR. TOUPIN: I must have made the slip. I wouldn't accuse my . . .

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

MR. GORDON E. JOHNSTON (Portage la Prairie): Mr. Speaker, I address my question to the Honourable the Minister of Mines. With respect to the peak flow that's still to arrive on the Assiniboine River, when this arrives at the confluence with the Red, will it cause any problems in Winnipeg?

MR. SPEAKER: The Honourable Minister of Mines.

MR. GREEN: Mr. Speaker, I think I would prefer to stick to the exact wording of the flood forecasts that have been presented to the Legislature by people who know much better than I do.

MR. SPEAKER: The Honourable Member for Flin Flon.

MR. THOMAS BARROW (Flin Flon): Mr. Speaker, I direct a question to the Attorney-General. Mr. Minister, due to the attempted murder on ice by some of our professional hockey players, will you advocate the return of capital punishment to get rid of some of these goons?

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Speaker, my question is to the Honourable the Minister of Health and Social Development and responsible for the lotteries. A current commercial for the Western Express is saying "Win up to \$20,000". I would like to ask the Minister whether that means that the \$50,000 top prize has been dropped from this particular lottery?

MR. SPEAKER: The Honourable Minister of Health.

HON. LAURENT L. DESJARDINS (Minister of Health and Social Development and Minister responsible for administration of Manitoba Lotteries Act) (St. Boniface): I haven't seen the commercial, Mr. Speaker. I can assure my friend that it hasn't been dropped, in fact I'm told that they're sold out, that all the tickets have been sold, or very close to it.

MR. SPEAKER: The Honourable Member for Fort Rouge.

## ORAL QUESTIONS

MR. LLOYD AXWORTHY (Fort Rouge): Mr. Speaker, I have a question for the Minister responsible for the EMO. Could the Minister indicate whether the property owners that have property adjacent to the Assiniboine River within the environs of the City of Winnipeg should be taking precautions or preparations in relation to the record high level of water that's been forecast?

MR. SPEAKER: The Honourable Minister of Urban Affairs.

HON. SAUL A. MILLER (Minister for Urban Affairs) (Seven Oaks): Mr. Speaker, as I indicated I believe a couple of weeks ago, the municipalities would be the ones who would be contacting the residents after they've touched base with the Water Resources people and with EMO.

MR. AXWORTHY: A supplementary, Mr. Speaker. Can the Minister indicate whether he or officials from EMO have been meeting with the City of Winnipeg officials to determine whether there is any problems to be encountered as a result of these high waters along the Assiniboine?

MR. MILLER: Mr. Speaker, I'm pleased to say that all agencies have been meeting with one another.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. EDWARD MCGILL (Brandon West): Mr. Speaker, my question is for the Honourable the Minister of Highways and relates to the high water levels on Pelican Lake and the damage occurring to the shoreline. Can the Minister tell the House whether the culverts on Provincial Road 253 immediately south of the outlet of Pelican Lake are adequate to handle increased outflows from Pelican Lake?

MR. SPEAKER: The Honourable Minister of Highways.

HON. PETER BURTONIAK (Minister of Highways) (Dauphin): To the best of my knowledge, Mr. Speaker, the culverts that were installed at that particular place were not for outflow purposes but rather for intake purposes.

MR. MCGILL: Mr. Speaker, has the Minister had reason to check the size of the culverts in the highway and relate them to the size of the two 65-40 outlet culverts at the south end of Pelican Lake?

MR. BURTONIAK: Mr. Speaker, I don't want to seem as though I'm shirking my responsibility, but in this respect any culverts installed on any of our PRs or PDHs are installed only after the recommendation made by the water control people. So actually as far as the Department of Highways is concerned we instal those kind of culverts after we are given the specs by the Water Control people.

MR. MCGILL: Mr. Speaker, to the same Minister, in the event that outflows are increased, as it appears urgently required at the moment, can the Minister assure the House that there will be no backup of water on Provincial Road 253.

MR. BURTONIAK: Mr. Speaker, no, I can't give that assurance to the Minister.

MR. SPEAKER: The Honourable Member for Wolseley.

MR. ROBERT G. WILSON (Wolseley): Thank you, Mr. Speaker, to the Minister of Health. Would the Minister indicate when the commercials are going to stop for the Western Express, since it's sold out.

MR. SPEAKER: The Honourable Minister of Health.

MR. DESJARDINS: Mr. Speaker, I'd ask my honourable friend to ask the corporation that is marketing the tickets here. I have nothing to do with it.

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

HON. HARRY E. GRAHAM (Birtle-Russell): Mr. Speaker. My question is for the Honourable Minister for Highways. I'd like to ask him if the installation of the culverts in the St. Lazare road were approved by the Water Resources and if the flow of water that is presently flowing down that ditch was forecast by the Water Resources Branch.

MR. SPEAKER: The Honourable Minister of Highways.

MR. BURTONIAK: I would think, Mr. Speaker, that that question could be best answered by the Water Control people.

MR. GRAHAM: A supplementary question then, was Water Resources ever consulted by his department before they put those culverts in?

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MR. BURTNIAK: All I can say, Mr. Speaker, I would think usually that is the case whenever culverts are put in, that it is the policy that consultations are made between the Highways people and the Water Control.

MR. SPEAKER: The Honourable Member for Arthur.

MR. J. DOUGLAS WATT (Arthur): Mr. Speaker, I ask the Minister of Highways, has he any indication from his engineers on the situation south of Melita, the flooding as a result of inadequate drainage?

Mr. Speaker, apparently the Minister does not understand what we've been talking about for the last several days. Could I direct my question again to the Minister? Has he had any report from his engineers on the situation south of Melita on No. 83 Highway where flooding is occurring as a result of inadequate culverts through the highway?

MR. SPEAKER: Order please. The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, I wish to direct my question to the Minister of Corporate and Consumer Affairs. Mr. Speaker, in view of the serious eye injuries in minor hockey in Canada, there were some 57 serious ones, can the Minister check with the local sporting goods outlets that proper eye protective equipment be carried in this area which is not available at the present time?

MR. SPEAKER: The Honourable Minister of Consumer and Corporate Internal Services.

HON. IAN TURNBULL (Minister of Consumer, Corporate and Internal Services) (Osborne): Mr. Speaker, the standards of equipment used in sports and other activities is of course a matter for federal jurisdiction under the Hazardous Products Act, I believe. As to the question of availability of such a protective device, I can certainly have my staff check with suppliers of that kind of equipment in the city, but of course there is no statutory authority for me or anybody else in the government to require that kind of equipment to be marketed. I would think that anyone whose child plays hockey, any parent whose child plays hockey would ensure that that child had proper equipment approved by CSA or other bodies so that their child would be properly protected on the ice.

MR. PATRICK: I thank the Minister for looking into it, because I know that there is CSA equipment approved in eastern Canada.

MR. SPEAKER: Question. Question.

MR. PATRICK: Will the Minister make sure that such eye protective equipment is available in this part of the country because it is available in eastern Canada?

MR. SPEAKER: Order please. It's a repetition of the original. I would ask the co-operation of the honourable members not to debate during the question period or to make or cast opinions. The Honourable Member for Rock Lake.

MR. HENRY J. EINARSON (Rock Lake): Mr. Speaker, I direct a question to the Minister of Agriculture. I'd like to ask him if he could indicate to the members of this House whether a committee of producers has been established to look into the problems that have been suggested by the Commission of Reports Committee in regards to marketing of beef, and as to whether or not this organization has been established.

MR. SPEAKER: The Honourable Minister of Agriculture.

HON. SAMUEL USKIW (Minister of Agriculture) (Lac du Bonnet): Mr. Speaker, it is in process of being established at the moment.

MR. EINARSON: Then I ask a second question. Could the Minister give us some indication as to how long it will be before he can officially announce this committee has been established insofar as the beef producers of this province are concerned?

MR. USKIW: Mr. Speaker, it doesn't require an announcement because the government has indicated a willingness to work with a committee of beef producers, so that in essence that is on the record. They have submitted a list of names and we will be drawing from that list, so it doesn't require an announcement.

MR. SPEAKER: The Honourable Member for Wolseley.

MR. WILSON: Thank you, Mr. Speaker, to the Minister of Public Works. Are the 71 vacant units at Gimli Industrial Park going to be placed on the market for seasonal rental to vacationers?

MR. SPEAKER: The Honourable Minister of Public Works.

HON. RUSSELL DOERN (Minister of Public Works)(Elmwood): Probably not, Mr. Speaker.

COMMITTEE CHANGES

MR. SPEAKER: The Honourable Member for Gladstone.

MR. JAMES R. FERGUSON (Gladstone): Yes, Mr. Speaker, before the Orders of the Day, I'd like to make a substitution on Law Amendments and substitute the Member for St. James for the Member for Charleswood.

MR. SPEAKER: Is it agreed? The Honourable Member for Flin Flon.

MR. BARROW: On the same subject, Mr. Speaker, I'd like to make a substitution on Law Amendments too, the Honourable Minister for Corrections for the Honourable Minister for Renewable Resources. Thank you.

MR. SPEAKER: Is it agreed? So ordered.

ORDERS OF THE DAY

MR. SPEAKER: Orders of the Day. Adjourned debate in respect to the proposed motion of the Honourable First Minister. The Honourable Leader of the Opposition.

BUDGET DEBATE

MR. DONALD W. CRAIK (Leader of the Official Opposition) (Riel): Mr. Speaker, before starting I want to acknowledge the fact that the First Minister was good enough yesterday to consult on the fact that he was going to be tied up today in surveillance of some of the flooded areas of Manitoba and we take no exception, Mr. Speaker, to the First Minister undertaking that important job, although we would have preferred to have seen him present while we made the formal reply to his Budget Address.

I want to begin, Sir, by saying that the objectives of the Budget as described by the First Minister are to us sound and sensible ones. I want to hasten to say though, that we can only regret that the measures spelled out in the Budget itself make so little contribution to meeting those objectives.

But let's begin by giving what credit we can to the First Minister and his government. They've increased the cost-of-living tax credits. We agree that part of the government's responsibility in the fight against inflation is to provide this kind of relief to those who are least able to cope with the burden of rising prices.

Mr. Speaker, this is no contradiction of the fact that we have opposed over the years the principle of the tax credit mechanism of distributing money to the government from the people and then back from the government to the people. But apart from that, it being a fact of life, we recognize that an increase at this point in the system does provide a measure of relief for those who are hit most directly in the low income bracket with the cost of inflation.

They have taken steps also by permitting local governments to have access to two points of the personal income tax and a single point of the corporation tax - to accept their responsibilities for helping to finance the basic and essential services that municipalities provide. One would wish that this belated acknowledgment of provincial responsibility to provide a cushion against ever escalating municipal taxes had occurred though at the outset of the current inflationary period, rather than late in the game as it is now, or we trust that it's late in the game.

That may be a short list of praise, Sir, but that is the end of the list. I'm afraid that it's all we've been able to find in this Budget that is deserving of our praise.

The Budget is a disappointment, Mr. Speaker. The First Minister began by stating his objectives. He had set out, he told us, to strike a Budget that would support the recovery of our economy, that would encourage the formation of jobs for Manitobans and that would assist in the fight against inflation. He has produced a Budget that does precious little to achieve any of those things. Our criticism of the Budget I hope will be clear and concise. The Budget calls for new taxes and Manitobans need no new taxes.

It's a continuation of the government's refusal to grapple with an essential question. Just how great can government's share of our total wealth be permitted to become without doing serious and irreparable harm to our economy. Instead it is merely one more giant step in the growth of government's presence in Manitoba. No matter what

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(MR. CRAIK cont'd) . . . . . the First Minister and his colleagues may believe, that presence is not always benign. This Budget presents us once again with a clear example of the kind of unproductive, envy-ridden nonsense that socialists confuse with real social reform.

But let there be no misunderstanding, Mr. Speaker. If there was real need for additional government revenues - and we state that there is not - and if these additional revenues were to be used in a way that would return clear and measurable benefits to Manitobans - and there is no indication that they will be - we would find little to object to in any of these tax measures.

The First Minister has increased the taxation of tobacco and alcoholic beverages. Not only are these taxes avoidable, but it's even remotely possible that they will serve some beneficial social purpose by serving to discourage abuse of either of these substances.

He has imposed a capital tax on some corporations - applying only to larger corporations in Manitoba. Although we have not yet been informed of the details of the administration or incidence of this new and unique tax to Manitoba, it's in line with what some other jurisdictions are doing. If the government were truly in imperative need of additional revenue to meet its responsibilities, this might be an appropriate measure to raise some of those revenues, but there is no such need for more money for the Government of Manitoba, Mr. Speaker.

The First Minister has increased the cost to Manitobans of registering automobiles and trucks. He explains that the purpose of this tax is to discourage the purchase of large cars that use gasoline uneconomically. If that rationale really fits the tax increases he has imposed here, we might be able to accept it, but I fear that it's merely another example of the First Minister's curious tendency to talk about energy use on almost any occasion. The rise in the basic cost to register a car will hit the Datsun owner as well as the man who drives a Lincoln. The increase in truck registration costs will affect everyone who relies in any way on truck transportation.

MR. ENNS: And adds to the price of food.

MR. CRAIK: And the requirement to pay the government a fee before being permitted to put a slide-on camper trailer unit on the back of your half-ton truck has nothing to do with energy conservation. This, Mr. Speaker, is a stupid, meddlesome, unwarranted and aggravating tax which intrudes on yet another element of the life-style of thousands of ordinary Manitobans. It serves no social or economic purpose.

The First Minister has announced a surcharge on corporate income, and he has assured us it is a temporary measure. When the income tax first made its appearance back in Canada's history, it too was described as a temporary measure and yet it is still present. Very much present. In Manitoba it is more present than in any other jurisdiction in Canada. But once again, if there were a real and legitimate need for additional revenue for the government to meet its responsibilities, this kind of temporary tax might well be a prudent measure, especially since it is being applied only to larger enterprises. But there is again no such need for more money for the government in Manitoba.

Then we come to the surcharge on incomes of those earning above approximately \$25,000 per year. Once again, Mr. Speaker, if there were a legitimate need to increase revenues, it would be hard to object to this tax. If a government has no choice but to raise taxes, there can be a case made for this kind of effort to tax those who can best endure it. And this too is described as a temporary measure. I know the First Minister will forgive us if we have difficulty in remembering any other so-called temporary tax that has ever really been repealed in recent years.

The First Minister has introduced an effective tax increase on aviation fuel and on diesel fuels used by railways. This too, one supposes, could be advanced as a measure to encourage more prudent use of these fuels, but here, Mr. Speaker, we stumble across one of the clear examples of the First Minister's curious double standard as between the actions that are right and proper for Ottawa to take with respect to the provinces and those which are right and proper for him to take as head of a provincial government.

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(MR. CRAIK cont'd)

Ottawa, he says, must not raise oil prices. That will be evil, inflationary and disruptive. By attacking transportation costs its inflationary effects will be immediate and universal, and yet the First Minister sees no contradiction in his government's increases in the effective price of these two fuels. Let him explain this curious reasoning to those in Manitoba who rely on air and rail transportation and to all consumers who will ultimately bear those extra charges out of their pocketbook.

Now, Mr. Speaker, if this were an isolated example of this kind of perversity, if it were out of character for the First Minister to preach one course of action for others and follow another himself, then it would scarcely be worth remarking on. But it's not the exception, it is regrettably yet another example of his party's well known economic hypocrisy.

What is the gist of his entire attack on Ottawa in this Budget Address. It is that Ottawa has told the provinces that it will restrain its participation in the costs of services and it has told the provinces that if you don't like it, they should raise their own taxes.

And what is the real import of the Premier's policies towards the municipalities in Manitoba. True, by permitting access to two areas of growth tax - the First Minister says that real estate taxes can also be a growth tax, but we'll talk about that later, Mr. Speaker - the government has at least made a faint and belated gesture of responsibility in this crucial area, although the very small amounts of additional revenue that will really become available to the municipalities through these measures render them little more than a gesture. But the real thrust of his policy is very simple. "Here," he says to the municipalities, "try these new taxes, raise your own taxes." That's exactly what the Feds are telling the provinces. Mr. Speaker, the First Minister says very heatedly that Ottawa is wrong in its policies. And he's right. Ottawa is wrong and irresponsible, but he is no less wrong and no less irresponsible in his response to the fiscal dilemma of local governments in Manitoba.

Mr. Speaker, I'm not accusing the First Minister of deceit in this. I'm not even suggesting that he is being cynical, that his renunciations of the federal action in this area are anything less than sincere, but this curious moral blindness that permits him to focus the full force of his righteous indignation on the Federal Government's perfidy while proceeding in an exactly analogous manner towards his own local governments, is something that we have to come to expect from the First Minister. We might wish and those Manitobans who are paying property taxes on their farms that have increased by almost 50 percent just since 1972, that the First Minister would . . .

MR. SPEAKER: Order please.

MR. CRAIK: . . . That the First Minister would provide us with a little less moralizing about Ottawa and a little more responsible consistency in his own dealings with local government.

Mr. Speaker, the First Minister talks long and loud about his property tax credits. He counts them at least twice, and even three times. Every time he describes the benefits his government has brought to Manitobans with their own money, once as reductions in income taxes in the tables he sends out to the public of Manitoba; once as measures to offset municipal taxes, showing up in that debate; and again as ameliorating measures against local school taxes, the third time. This government has got more political mileage out of that property tax credit than any government in the history of Manitoba, Mr. Speaker, and that's all it was was political mileage. And, as I'm sure the First Minister knows, there is a real paucity of sound data comparing the property taxes from province to province and city to city in Canada. But as he reconsiders, as we hope he will, his own actions with respect to local governments in Manitoba, in the light of his own demands in Ottawa, we'd ask that he ponder a few simple questions.

First, we would ask him, if it is not true that his government relies more on local property tax for financing of education than any other government west of the Maritimes. We would ask him if it is not true that in 1974 in the Province of Ontario the absolute cost of education borne by the property taxpayer had declined over the levels of 69. And we would ask him if it were not true that those same costs in Manitoba had

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(MR. CRAIK cont'd) . . . . just about doubled. We would ask him if it is not true that residential realty taxes in Winnipeg expressed as a percentage of the value of the houses being taxed are higher than in Toronto, Regina, Edmonton, or Victoria and the taxes on farmland acreage, significantly higher in Manitoba than in Saskatchewan and much higher than in Alberta.

Mr. Speaker, the First Minister made a charming throw-away remark during his Budget address about how it was possible for realty taxes to be a growth tax. Sir, it is not only possible under his government as it has lagged and shirked on its responsibilities to share in the cost of essential services like education, it has been necessary. But the First Minister will say, "You're forgetting about the property tax credit." We'll come back to that. But we're not, Sir, we're merely saying and saying again that the credit can only be counted once, not twice, it cannot be expressed as a reduction of income taxes, municipal taxes and education taxes. We're saying that every other jurisdiction we have talked about, all those other centres where residential property taxes are we believe smaller as a proportion of the value than here are taken into account.

Let the First Minister in his dealings with Ottawa be firm, and we'll support him. Let him insist that the provinces not be forced to bear the costs of programs that were developed at federal urgings and that have as their basis the assumption that these costs will be shared. Let him insist where Ottawa has designed programs like Medicare with internal bias towards increased use of the most expensive service alternatives, that Ottawa participate positively in the refinement, redesign and improvement of those programs, and in the development of the necessary reasonable cost service alternative. And we'll support the government.

But let him apply that same simple responsibility in his dealings with the local governments across Manitoba. Let him listen to his own arguments against Ottawa and see how clearly they apply to his practices in Manitoba. Let him understand that what is needed here is more than the faint gesture he has agreed to make in his budget.

Manitoba has lagged behind other provinces in efforts to alleviate the burden of real property taxes, and that despite the hours of rhetoric that the First Minister and his colleagues have spent talking about progressive taxes. Let us face the facts frankly, real estate taxes are relatively regressive taxes. And because of the irresponsibility of the NDP and its dealings with questions of local government finance, they have increased, and increased and increased again, and they will continue to increase until the First Minister moves beyond gestures to a serious acceptance of his government's responsibilities.

He calls for 'co-operative federalism' for responsible planning and consultation, for an attitude of mutual respect between Ottawa and its citizens.

Well we would join him in wishing for this too, and we would suggest that he consider an effort to reinstitute a sort of co-operative provincialism, Mr. Speaker, in his dealings with local governments and with the citizens of Manitoba. We would suggest to him that a real attitude of co-operative provincialism would prevent him from developing denticare schemes without consulting dentists; would prevent his government's annual fist-fights with the medical professions; would prevent our periodic nurses' strikes; would see the end of the high-handed and ill-advised tactics of his Department of Education, as they presently are; the almost ill-fated and unfortunate development of the likes of the Crocus Foods without any substantial co-operative provincialism with either the co-ops or the private sector. All of these tactics are swiftly damaging and alienating people in the Province of Manitoba, Mr. Speaker. Surely that is deserving of as much of the First Minister's time and effort as his dealings with the Federal Government.

But, Mr. Speaker, as I have said, we know that these new taxes are not needed. There is no justification for the Premier's decision to take yet another \$40 million out of the economy of Manitoba, by way of new taxes. And we're concerned about the attitudes that have marked so much of these new measures. We are sure that the First Minister and his friends draw visceral glee from making the man who owns a Lincoln pay a little more to drive his car in Manitoba - that sure was amply demonstrated in the House the other day, both in the House and in the gallery.

We are sure that they believe that social justice in this province is immeasurably



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(MR. CRAIK cont'd) . . . . improved by the new levy they have placed on these plutocrats who own slide-on camper trailers that they mount on their half-ton trucks on weekends. And the middle income Manitoba family with the non-luxury Dodge station wagon, four children and a dog, must also pay a little more. Does that too give satisfaction to the government?

But what practical benefit are these measures to Manitoba? The answer of course, is none. They raise a little more money; they reassure the NDP that they are truly soaking the rich; and they say their surcharge on the incomes of those making more than \$25,000 a year will serve not only the purpose of bringing in some \$5.4 million of additional money for them to spend, but that it will make the Anti-Inflation Program more effective, more effective, Mr. Speaker. And they say the same for their new taxes on corporations.

It may well be true that some of the First Minister's supporters will draw comfort from the sight of someone else's ox being gored. But let us look a little more closely at these measures. I would say clearly, Sir, that I'm not here to defend those with high incomes because I'd be defending those 17 people in the front benches across the way, I'm not here pleading for more privileges for the corporations, I merely ask, what is the real effect of these new taxes, beyond adding a few more millions to the governments already swollen coffers?

Will they help to realize the three objectives the First Minister said had motivated him as he prepared his Budget Speech? Will these extra levies really help to control inflation? Well it is possible I suppose that by firming the First Minister's resolve to continue to support the AIB Program, they may have some such an effect. But seriously, does the First Minister really suggest that the 3 percent of Manitoba taxpayers who will be the victims of his new surcharge are or were in fact fueling inflation in Manitoba? Of course, he does not believe any such thing. He knows full well that, taken as steps, not to raise revenue that is needed to meet governmental responsibilities, but as mere exercises in the kind of envy-ridden nonsense the NDP so often mistakes for social reform, these new taxes can only feed inflation just a little more.

I say again, Sir, I'm not defending the privileged few who are being taxed in these so-called temporary measures. They are fully capable of maintaining their own economic defences. Many enjoy, as most Manitobans do not, the ability to pass these costs on. Many others enjoy the option of moving elsewhere, an option that increased numbers of them are choosing to exercise.

What I am saying is that as responses to inflation these new taxes are pure hokum. And how do they serve the other objectives the Premier spelled out for his Budget? How do they contribute to the recovery of our economy? How do they aid in the formation of new jobs? The simple fact of course is they will tend to inhibit recovery and to interfere with job formation. I'm not suggesting that the effects of these new taxes alone will be dramatic. Quite frankly they are not very dramatic taxes at all, but then this is not a very dramatic budget that's been placed before us. But they are merely one more disincentive that this government has placed in the way of our economic development. No one in Manitoba has to be told that the money a corporation has to pay to the government in taxes is money that corporation does not have to spend in wages or salary or new investments to create more jobs. It's one or the other. They prefer on the opposite side to believe it all goes out in dividends. That, Sir, they can maintain, that, Sir, is not true. No one needs to be told that money taken from individuals to meet new taxes is money those individuals will not be able to save so that it becomes available for investment or expense so that it creates more demand in our economy.

We will speak more of the kind of general economic trend the NDP seem married to in just a moment, Mr. Speaker, but we must still try to find some real and beneficial effect these new taxes will have on the consumer in Manitoba.

Will they contribute to a greater equality in the distribution of income in this province? That's an important question, Sir. I'd suggest, Sir, that they won't. Since 1969 the NDP has spent several billions of dollars worth of money that Manitobans have worked to earn. They have increased annual government spending by about three and a

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(MR. CRAIK cont'd) . . . half times, and they have never abandoned the rhetoric of income redistribution. But how successful have they been? How patent have all these efforts to change the shape of income distribution in Manitoba really been? The answer is in the First Minister's own Budget. It's a little chart showing the Lorenz curves of income distribution in Manitoba. It is not a very precise chart, but its meaning is clear. After almost seven years of the highest spending in the history of the province, the shape of our income distribution has not been changed. And the mammoth costs of the government's efforts here continue to be borne, not by the rich, there are simply not enough of them, but by the average citizen. Hit those over \$25,000 with a 3 percent surcharge, it sounds so egalitarian. But the fact remains more than two-thirds of all the income tax that is collected by this government comes from people who earn less than \$15,000 a year. Very close to 40 percent of the money raised by income taxes comes from people who earn \$10,000 or less each year, this is according to 1973 Statistics Canada figures. The last ones which are available. And that redistribution at this date, Mr. Speaker, will not have changed.

I repeat, Mr. Speaker, that if new taxes were really necessary to provide the government with the money it needs to meet its responsibilities, we would probably agree that these taxes were acceptable ones, despite the disincentive tendencies. But this government needs no new taxes to increase its revenues. The existing taxes do that automatically in these times of inflation, they do that automatically in these times of inflation with the existing taxes, Mr. Speaker.

One small example, in 1968, the first full year the sales tax was in effect, a single point on the sales tax yielded the government about \$10 million. Last year a single point of the sales tax brought in something in the order of \$33 million. There was no change in the rate, the government just sat still and collected the money as it came in, more than tripled the amount, Mr. Speaker, without ever making a motion. So without changing the level of taxation revenue has more than tripled. The same kind of massive increase has shown in the yield of every other provincial tax, including the income tax where the progressive feature magnified government's share most dramatically as people not only pay income tax on higher incomes, but pay at higher rates as their incomes increase.

It is worth noting that the \$40 million also, that the tax changes that were made in this budget will bring into the government coffers in the next fiscal year, is the biggest single increase in dollar revenue resulting from a change in tax rates in the life of this government. They have been able to more than triple spending, not primarily because of changes in tax rates, but by the inflation-fed growth of the yield of existing taxes.

So Mr. Speaker, we've got a short gun tax package this year, but let's just not overlook the fact that despite this little bit here, and a little bit there, the government in new taxes this year is going to achieve more by way of new taxes than it has ever achieved in one year prior in its history or tenure of office. And the First Minister --(Interjection)-- well, Mr. Speaker, they must have worked very hard at disguising it all. They didn't point out in their speech that this \$40 million was a brand new tax and was the biggest dint they'd ever be able to make into the private sector. And the First Minister is indignant that Ottawa has seen fit to provide a partial indexing of the federal income tax to try to offset some of the effects of taxation. He's critical of it. He calls it regressive. He implies it is somehow unjust. And yet these income tax reductions have been a real boon to the taxpayer. And I think it is important to understand that they have not resulted in the government receiving less money than they did before: all they have done is to reduce somewhat the windfall profit that inflation has been pouring into the coffers of every provincial government in Canada. But the First Minister's resentment at even this partial indexing of the income tax liability Manitoba consumers must face helps us to understand more clearly just what he means when he speaks of regressive measures. By his reasoning any measure that permits the people who work and earn money to keep more of it rather than handing it over to him and to his colleagues to squander on Civil Service increases, such as the return of the refugees from

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(MR. CRAIK cont'd) . . . . British Columbia, the new government building and the government airplanes and the airplane factories, that according to the First Minister is a regressive measure, Mr. Speaker.

Despite all his claims to redistribute income, the First Minister has failed to affect the shape of income distribution in Manitoba. And while he has been posing and talking as the defender of the poor and the oppressed, his irresponsibility on questions of local government finance has caused real estate taxes, homeowner taxes, a regressive tax by anyone's measure, to soar. And the vast majority of the tax dollars he continues to raise come, not from the three percent of our population who will pay the new surcharge, but from those who earn less than \$15,000 a year.

Our major criticism, Mr. Speaker, is not merely that the new taxes are unnecessary. Our major criticism is that in this Budget, as in his already abandoned program of spending restraint, the First Minister has failed frankly or realistically to confront the major dilemma facing governments and our economy today. That dilemma is simply that government's share of our total wealth is increasing so rapidly and so steadily that it is seriously hindering the ability of our economy to function, or of our people to prosper.

Mr. Speaker, I point out here even the First Minister seemed to have great difficulty defining what a dollar was in his Budget speech. He talked about constant dollars, inflationary dollars, and finally, I think about fifth down the line, was the squeezed-out dollar, Mr. Speaker. I think that that's the terminology that will probably catch on.

And let no one think for a moment that the Manitoba Government's share of our total wealth has not increased at a galloping rate under this government. In 1969 the Government of Manitoba spent an amount equal to 10.2 percent of our gross provincial product. This year the NDP government will spend an amount equal to 17.9 percent of the total value of goods and services produced in Manitoba. That doesn't include capital either, Mr. Speaker, that doesn't include the Hydro expenditures.

The First Minister is proud of the way our gross provincial product has gone, Sir, but the dead weight of his government hanging above the neck of our economy has increased much more rapidly. And he speaks glowingly, too, of increases in personal incomes. His own figures show that the increases he refers to result almost entirely from increases in the price of wheat. Many provincial premiers would thank good fortune for that, realizing it was entirely beyond their control, but our First Minister is plagued by no such excess of modesty.

But let us compare the growth of his government spending with the growth of personal incomes. In '69 the government spent an amount equal to 13.2 percent of the total personal income earned in Manitoba. This year the NDP spending will be 21.4 percent of the total income by people in Manitoba. Mr. Speaker, the First Minister complains about indexing. They will spend a little more than \$1.00 out of every \$5.00 that Manitobans work to earn.

The government's share of our gross provincial product is about 70 percent greater than it was six and a half years ago. The government's share of the total personal income earned in Manitoba is more than 50 percent greater than it was six and a half years ago. And this year, while predicting an increase in provincial production, in our total wealth of something in the order of 10 percent, the First Minister is permitting increases in government spending, not of the 12.7 percent he first announced, Mr. Speaker, not even the 14 percent he admits now, but of something closer to 18 percent, and so the government's share will grow even larger.

And in case that the First Minister would like to use the correct figure when describing his spending increases, Sir, I'd be happy to explain to him now how it's calculated. You merely take the 12.7 percent he first admitted to, you add the \$6 million for deferred payment of Student Aid, the \$17 million for bookkeeping changes in grants to the municipalities, the supplementary estimates we've just received of \$11.5 million approved now; and then estimate, very conservatively, Special Warrants of only \$30 million, which would be lower than average for this year. And that, Sir, works out to 18 percent approximately more spending than last year.

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(MR. CRAIK cont'd) . . . . So, Mr. Speaker, we started out with the restraint objectives being stated loudly and clearly by the First Minister of a 12.7 percent growth of the provincial estimates of spending. We now find that we very likely will be at least 18 percent before the year is over, Mr. Speaker, almost 50 percent higher than the stated objectives only two months ago.

While the First Minister entreats Manitobans to settle for the eight percent increases in their income permitted under the Anti-Inflation guidelines, and while he provides a moral incentive to do this by putting little surcharges on the incomes of those who may not be effectively controlled by the guidelines, he offers us the sterling example of a governmental spending increase more than twice that large, and he does not even present that frankly.

But make no mistake, this concern that we voice about the growing share of our total wealth that is going, not to feed and clothe the families of those who produce that wealth by their hard work, not to build new factories offering new jobs, not to buy the goods and services that Manitobans produce, but instead is eaten up in the relatively unproductive spending of this government. This concern is some peculiarly Conservative preoccupation. It is being faced up to even by the likes of the Labour Party that has already reaped for Britain the bitter economic and social fruit of this kind of mindless expansion of government.

Mr. Speaker, I refer to no less an authority on government spending than Britain's Chancellor of the Exchequer of the current Labour Government, Dennis Healey. In surveying the economic wreckage government excesses have created in Britain, he has acknowledged it is now necessary to rebuild the balance between private and public spending if Britain is to regain any measure of social or economic health. His diagnosis is very straight forward. He says in the Labour Government's recently released White Paper on government finances, and I quote: "Popular expectations for improved public services and welfare programs have not been matched by the growth in output, or by willingness to forego improvements in private living standards in favour of those programs."

He recognizes frankly what the First Minister here refuses to admit, the common sense fact that the sprawling activities of government can only be continued at the expense of the personal living standards of our people. And in Canada, where today about 45 cents out of every dollar is spent by government, we can learn from Britain where, only three years ago, they spent about 50 percent of the wealth, and today that figure has soared to 60 percent.

And quoting Mr. Healey again: "One of the important lessons that must be learned, is that when government expenditures reach these levels - and we're perilously close to that ourselves - it is at best naive to pretend that they can be financed merely by soaking the rich." Mr. Healey points out, and I quote: "If no taxpayer were left with more than 5,000 pounds per annum after tax, this would increase the yield of our tax system by only about six percent." Well, Mr. Speaker, what he is saying, is you can take all the excess that a person makes over a certain limit, you can take all the excess that a person in Canada makes over \$12,000, \$15,000 a year, if you took all of that excess and put it into the government, you'd change the revenue picture by six percent.

So, Mr. Speaker, let's not fool ourselves, or have anyone else fool the people of Manitoba that there are great gobs of money waiting there by taxing the rich and solving our problems. The point is that it's always going to come from the worker. Even the architects of this kind of government growth the First Minister espouses, the British Labour Party are recognizing the obvious: Government cannot go on indefinitely increasing its share of total wealth without crippling the ability of the economy to function. It cannot finance even greater expenditures by taxing the rich alone, there simple aren't enough rich people around.

And increasingly the burden of government falls on the middle income, and then the lower income. It falls in the form of direct taxes. It falls in the form of opportunities that are never created by an economy strangling on excessive government.

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(MR. CRAIK cont'd). . . . It falls in the form of the inflation this kind of government profligacy creates. And even the British Labour Party, Sir, is moving now, adopting Draconian measures to try to restore the vitality that excessive government has sapped from the economy. Their objective is to reduce government's share of the gross national product by a little over 11 percent by 1980. Would that the First Minister and his friends opposite would follow their example in this as they have in so much else, Mr. Speaker.

They intend to save 140 million pounds by 1979 by civil service reductions. Can't the First Minister and his friends see the logic in this. And even the founders of all Britain's socialized industries are moving at last to remove all the subsidies the taxpayers have had to make to these companies in this single year and to demand that they operate commercially from now on. Is there anyone in Manitoba who doubts that we would benefit if the First Minister would require that the enterprises he and his MDC and the Communities Economic Development Fund and other handout programs they have set up also run commercially without the never-ending subsidies they drain from the incomes of Manitobans?

Mr. Speaker, the lesson of Great Britain is there for all to see. Surely we do not ourselves have to go through the kind of grinding economic and social dislocation that flows from unrestrained government spending.

I know what the First Minister will say. He'll say that we're suggesting the dismantling of government. He will say we are calling for irresponsible cuts in the services government provides to people. He will say we're being totally unrealistic in suggesting that government can function to meet its responsibilities without increasing spending. And of course, Mr. Speaker, that is precisely what we're not suggesting. And that should be clear. We believe there is substantial waste in the operations of the Manitoba Government under the First Minister. The comments of the Provincial Auditor alone on the operations of the Departments of Finance, Education, Northern Affairs and others demonstrate that clearly for all the citizens of Manitoba to see.

We believe the Civil Service in Manitoba has expanded at an unnecessarily fast pace. How else to explain the fact that the Civil Service is 50 percent greater in numbers over a period of time when the population has only grown by four percent. A more prudent and responsible management of the people's money could, in our view, permit the government to make significant savings out of the money they already spend. But we're not saying that government spending must be eternally frozen or recklessly rolled back in dollar terms. As costs increase, and as new problems arise that government must help to solve, it is reasonable to assume that governments will need to spend more money to meet their responsibilities. But what we are saying, Mr. Speaker, is that the increases in the amounts of money that government spends can no longer be permitted to occur more quickly than the increases in the total growth of our economy. This government should and must continue to share in the growth of our prosperity, but government's share of our total wealth cannot be permitted to increase.

Mr. Speaker, when the First Minister was referring to his squeezed-out dollars, he referred to the squeezed-out growth of the gross provincial product was one percent, and that of Canada was 0.2 percent. He could have added in the next breath, Mr. Speaker, that his own provincial government spending at an increased rate this year up to 18 percent, was away out of context, away out of context of any growth of the provincial product. There has to be a relationship between the growth of government and the growth of our well-being in general economic terms, Mr. Speaker. It must be perfectly obvious to him and to the people of Manitoba that the government, despite its good intentions that it gave to us some time back, two months ago, simply are not being lived up to, and the statistics contained in the Premier's Budget Speech alone point that out vividly.

We're not the only people suggesting that, as a simple matter of common sense, government should retain the growth of its spending to reflect the real rate of growth in the ability of our society to pay government. John Turner for instance - the recent John Turner of the Federal Government - after overseeing the truly

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(MR. CRAIK cont'd) . . . . incontinent increases in Federal Government spending that occurred during his tenure as Finance Minister in the Government of Canada, has now recognized this clearly. His comments could have been made specifically to the record of our own NDP government here in Manitoba. And he said: "Our attempts to improve equality may have had the effect of substantially reducing work incentives, while they have a depressingly small effect on the disparities that we all wish could be removed." What clearer proof of that than the Lorenz curves in the First Minister's own Budget.

And Turner went on to say: "The growth of public expenditures must be constrained by the capacity of the economy to produce more goods and services." This is not some reactionary redneck nostrum, Mr. Speaker, it's simple common sense. And I wasn't referring to Mr. Turner. Government has no money of its own, it depends on the capacity of our people to work and create the wealth that pays for government programs. Government cannot spend more than our people can create. Government's share of our total wealth cannot continue to increase as it has throughout the tenure of this government. We're not suggesting a wholesale dismantling of the services. The First Minister delights in pretending that there are only two alternatives, his kind of uncontrolled spending and a total abandonment of those in society who need the help and protection of government. Nonsense, it simply isn't true. It is true that it will not always be possible for government to do everything it would like to do, any more than it is always possible for individuals always to do everything that they would like to do. There will not always be enough money there. Strict priorities must be established and adhered to.

So we say to the First Minister: you have created a Budget that is a failure. It makes no contribution to meet any of the objectives you set for yourself. It ignores the basic problem of government's growing dominance in our economy. And it ignores that problem, Mr. Speaker, because rather than make the hard decision that would have to be made to cut the waste, it is easier for the First Minister to pretend that there are no problems. It is easier for him to pretend that anyone who worries about the costs of government is an unregenerate reactionary. It is easier for him to pretend, even to himself, that his spending is increasing by only 12.7 percent.

Mr. Speaker, this Budget should have included tax reductions. Had the First Minister not abandoned his pledge of restraint, it could have. With reasonable restraint, government could have spent a little more than last year and still had reduced taxes. Such is the magic of inflation when applied to progressive taxes, Mr. Speaker. Government's don't want to admit that. And if for his own reasons the First Minister felt bound to introduce these new taxes, none of which as I have said would be particularly objectional if they were truly needed - he could have returned that money directly to the people by applying it to general reductions in income taxes, or to removing several thousands of people from the bottom of the income tax rolls. Instead, the money from these new taxes will vanish into general revenue.

And the First Minister will spend about \$1.2 billion this year and he will pretend that it is fighting inflation, helping the economy to recover and helping to create new jobs. That pretence will not deceive the people of Manitoba. I would only refer you to the excellent political judgment of the First Minister himself. He made the political decision to promise restraint as he opened this session. In his canny judgment, that was what the people of Manitoba wanted. Well, he's abandoned that, and he brings us instead this flimsy piece of tax tinkering. And his spending continues to swell and to spread. He forgets, Sir, that Manitobans have more to do with their incomes than merely pay his taxes. This year they will pay some 20 percent more in hydro rates, bringing the full increase in 3 years to 60 percent. He may not call that a tax, Sir, but the money is gone from the incomes of Manitobans, no matter what he calls it. In Winnipeg, they will pay 50 percent more for sewer and water services. All across Manitoba they will continue to pay the highest property taxes west of the Maritimes. They will have to do these things while trying to cope with one of the

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(MR. CRAIK cont'd) . . . . highest inflation rates in the western world.

I say again, the money the government takes in taxes and in fees, and in increased hydro rates is money that will not be available to feed and clothe families, to buy homes, to build factories, to save for retirements, to buy the goods and services that Manitobans create. That is simple common sense. But simple common sense, above all, is what is lacking, not only in the Budget but in the NDP's entire approach to government. The best way to fight inflation, to help the economy recover and to create more jobs, is to leave more money in the hands of the people who work to earn it.

I know these suggestions seem strange to the members opposite, that's not an alternative that's easily considered by them. Once again, if they will not listen to it from us, I refer them to a recent report, almost any recent report of knowledgeable economists in the western world, but refer them to the Canadian Economic Policy Committee. That committee addressed itself to the same three objectives the First Minister has selected for his Budget, the same three objectives, Mr. Speaker. Their prescription is clear: "Restraint in government outlays would permit tax reductions that would be more efficiently stimulative and would create an atmosphere in which private investment and employment would grow more substantially."

And again, the prospect of tax cuts, although necessarily modest on a regular basis in the future, would be, in the committee's view, the most effective anti-inflationary step this country could take - again, provided the government spending target is observed, rigorously observed. Once again, Mr. Speaker, we're not proposing wild or impossible tax reductions, but tax cuts, although necessarily modest, are the medicine our economy needs.

Mr. Speaker this would be nothing more than an irritating little budget if it took place against a different economic background. Mr. Speaker, after increasing government spending by 3-1/2 times in less than 7 years, after increasing government's share of our total wealth by something in the order of 70 percent, its share of our total personal incomes by more than 50 percent, the First Minister has brought in this little array of new taxes and will use the money from them - not to provide tax relief from those who really need it, but merely to swell his government spending even further. And beyond the swollen proportions of the government's current spending looms the fiscal monstrosity the First Minister has also created in Manitoba Hydro.

I think it's fitting to mention Hydro as we speak of the First Minister's budget, Mr. Speaker, because they're both his personal responsibility, from beginning to end. The NDP blunders in Hydro since '69 have cost Manitobans hundreds of millions of dollars. The continued loss of control of costs flowing from the unconscionable front-end load of debt that the First Minister and Mr. Cass-Beggs imposed on Hydro leads to the swelling of costs of development like JENPEG from, Mr. Speaker, the original judgmental decision date of \$84 to \$91 million to the present \$260 million. This loss of control of costs is clear evidence that the fruits of the First Minister's political tampering with Hydro have resulted in a major breakdown in a utility whose competence once rivaled that of any in the world - and worse still, the frittering away of the major natural resource heritage of all Manitobans.

We get the comment, the increases are due to inflation. Will anyone in Manitoba really believe that a 300 percent increase in the cost of the project alone is the result solely of inflation? Since 1973 Hydro rates have increased 60 percent. According to the government's own figures they will have doubled by 1977-78. And the increases will not be over then, far from it. And meanwhile the size of the construction account soars as more and more of the fruits of the First Minister's mismanagement are buried there. And after wasting these hundreds of millions of dollars, and wasting them irretrievably, the First Minister stands in this House and proposed \$40 million worth of new taxes, not to provide any new benefits to Manitobans, but merely to try and cover his uncontrolled government spending. Mr. Speaker, the interest charges alone on the money that didn't need to be spent on Hydro would bring in that \$40 million today. Mr. Speaker, you could run an entire university on the costs of the unnecessary

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(MR. CRAIK cont'd) . . . . . spending that is taking place, and will take place in Manitoba Hydro because of the path of action they chose to take.

I said as I began, that we agreed with the objectives the First Minister has set for himself in this Budget. He has failed to take any action that's obvious to meet those objectives. This Budget will not curb inflation. It will not support the recovery of our economy. It will not encourage the creation of jobs. And those were the three objectives. In the final analysis, governments today have a very simple choice to make. There is only so much money. The people who work to earn it can spend it to build their own lives, to care for their own families, pay for their own homes, secure their own futures - or the government can take it from them and spend it and waste it. And in the choices my party and the First Minister make between these two alternatives, we can see clearly the basic contrast between them. To meet the objectives of this Budget, to defeat inflation, to rebuild the vitality of our economy, to create new jobs, let the people keep the money they worked to earn. That way lies economic health and prosperity for all Manitobans.

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

"1. has failed to restrain government spending and is thereby continuing to contribute to inflation in Canada. 2. has without need or justification selectively increased provincial taxes, thereby providing further disincentives to growth in the economy of the province. 3. has through its failure to meet its responsibilities in the areas of local government finance caused residential and farm taxes in Manitoba to increase despite the fact that these taxes are clearly regressive and that the services provided by local governments are essential for the well-being of Manitobans. 4. Has been guilty of continued and growing waste and mismanagement of public funds despite the clear indications of ongoing abuse offered by the Province Auditor. 5. has through its unrestrained spending continued to expand the government's share of the total wealth and the total incomes of the community unnecessarily and to the detriment of all our citizens."

MOTION presented.

. . . . . continued next page



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MR. SPEAKER: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Speaker, I beg to move, seconded by the Honourable Member for Portage, that the debate be adjourned.

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

MR. SAUL CHERNIACK, Q.C. (St. Johns): Mr. Speaker, I'd like an opportunity to say a few words. I'd appreciate it. I think I got an indication from the Honourable Member for Fort Rouge that he would be prepared to adjourn debate after I speak, or move that.

Mr. Speaker, I want to congratulate the Member for Riel, the Leader of the Opposition for his speech. I thought it was well done. I enjoyed it. I applauded along with his colleagues on his side, because to me we now have a much clearer profile of the Conservative Party. We can start forgetting that word "progressive" which always was a misnomer, to me anyway. I think that this speech we heard today is a much clearer indication of the difference between the two parties in the Province of Manitoba. And I think it's good that we have that clear-cut difference so that we can indeed go to the electorates and present the differences un-muddled, unsullied and clear-cut.

Mr. Speaker, the honourable Member - of course you notice that in order to make his speech stand up so well he had to go to Great Britain to consult with the Labour Minister of Finance. And then he had to go to Ottawa and wend his way, meander down to Toronto to find the Liberal Minister of Finance, ex-Minister, in order to support the argument which he offers. Well, it so happens that there are some differences historically between the growth of the economy in England and in Canada. There is some differences between the vast changes that have taken place in Great Britain since just before the Second World War and today. There is some vast change in the manner in which Great Britain was dependent on its empire to maintain a standard of living which for Great Britain itself was way out of line with its own ability to produce that kind of standard of living. And as Britain changed, so did its problems arise and show themselves in a much greater way. To compare Canada to Great Britain is, I think, drawing a red herring across this whole policy which he described to us. The members opposite me who won't even look across the border into Ontario when I try to draw some comparisons with Ontario must have felt awfully uncomfortable when their own Leader had to go all the way to Great Britain to find that kind of comparison which was useful to him.

I would say that the Leader of the Opposition, who said that our Minister of Finance created a budget which is a failure, and seemed to imply that the Minister of Finance our Premier, would say that anyone who worries about the cost of government is a reactionary, has not listened to our Minister of Finance time and again; and of course he hasn't had the opportunity, and never will have, to hear the Minister in Cabinet and in caucus. If ever anyone was conscious of costs and of restraints, it is the Minister of Finance of this government.

It's interesting also that the member in looking for more support had to find the former Minister of Finance of the Liberal government, who never really posed as a very progressive person in the field of economics. Indeed he has been, and probably will be not very long from now, will be again beseeched by members of the Progressive Party to come to their leadership federally, and it would please him no doubt to know that the Honourable Member for Riel follows his dicta to the extent that he is prepared to quote him as an authority. In my mind, there was never any doubt that John Turner belonged to the Conservative Party, and the Member for Riel has confirmed that to me. The Member for Fort Rouge is outraged at the thought - I, by all means, expect that he will deal with that, well, on the next occasion he has an opportunity to speak. Mr. Hellier was --(Interjection)-- yes, quite right, the man he worked for formerly, already showed the way for some disgruntled or disaffected members of the Liberal Party to go into the Conservative Party. One has to wait and see whether the Member for Fort Rouge will follow his former boss, or will possibly follow John Turner, if and when John Turner decides to move. --(Interjection)-- Oh, I'm told- I didn't know that John Turner was also the boss for the member from Fort Rouge at one time, but isn't really of great consequences. We all in our time have worked for various employers who not necessarily we would hold up as symbols of respect. I must say though that in the last seven, eight

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(MR. CHERNIACK cont'd) . . . .years I have not had that problem in working in this government.

Mr. Speaker, the Honourable Member for Riel, he accepted the objectives of the Budget. He agreed with our cost of living tax credit increase. I wonder now how he voted on that issue when the vote came up previously. But he agrees with it. He agrees with the access that we have given to the municipalities into growth tax, deplors the fact that it's not enough. He ignores the fact that in this very Budget Speech, there was an indication that there would be more access, more avenues given to the municipalities.

The honourable member seems to confuse our action with an attempt to deal with inflation. And that's not so, Mr. Speaker. We on this side have said for a long time that municipal revenues should not be dependent on real property tax alone. And we have in this party spoken for a long time about the need to give municipalities an opportunity to share in growth taxes. But not like the present City of Winnipeg Council says. Was it only yesterday that I read that the Chairman of the Finance Committee of the City of Winnipeg Council said, "We didn't want that, we wanted them to tax and we wanted them to give us part of what they are taxing." It's disappointing to him to learn that he is expected to take the responsibility of imposing taxation in such ways as they consider advisable and not for us to do. Nevertheless, we did that as a matter of principle and as a matter of recognition of the municipalities' claims that the real property taxation is too restrictive for them in their growth. And we have given them, not because of inflation but out of principle, and therefore I don't see this government withdrawing that kind of access. That party opposite in this Chamber are likely to withdraw that if they feel that it's only an inflationary measure.

Now Mr. Speaker, of course, the Member for Riel said Manitobans need no new taxes. Well, you know, I'd have to say to him that I would like him to look to Nova Scotia, I'd like him to look to British Columbia. I'd like him to look to all the provinces inbetween those two, and tell it to them. Let him tell them that they didn't need increased taxation. Let him tell it to Ontario. Let him tell it to Quebec. Mr. Speaker, let him tell it to the Maritimes and they won't believe him either. However, he did say, accepting the postulation that new revenues are needed, he doesn't really seriously quarrel with the manner in which we propose to raise the new revenues. He disagreed that the new revenues were needed, but if they were needed, then he said he cannot really object to tobacco and alcoholic taxes, although I must say to him that, yes, they are choice taxes. They are taxes that people can decide to pay or not to pay, although I'm not sure how many smokers are able - well, I'd leave that to the Member for Swan River to tell us how much of a choice there is in the payment of tobacco taxes. He even says that the capital tax on larger corporations is in line, and I welcome his statement in that line as being honest and good judgment. I doubt if there are other members of his party who would agree.

Now he did question something about big autos and trucks and the slip-on campers, but in the end he said that these don't amount to much. Really, he criticized the increased taxes and said, but really they don't amount to much. He talked - Oh, by the way, he did agree with the surcharge on income taxes in the higher brackets. But then he says - in dealing with the municipalities, he did say that we've only given them two forms of tax access, we are yet complaining that the Feds have not done that for us. Mr. Speaker, it is not true. It is not true that the Federal Government has vacated or made available to us taxation that they are able to use. The field of indirect taxation which is reserved under the BNA Act of the Federal Government, but which they could if they wished make available to us, they have not offered that. The fields of tariffs, all the other incomes that are available to the Federal Government, they did not make available to us. And I don't fault them for that. The complaint that this government, that every other provincial government in Canada has against the Federal Government, is that they are federal programs, national programs, which they sponsored, which they influenced, and which they are withdrawing from. That is the complaint that has been made, and not by Manitoba alone, but indeed by colleagues of most of the members of the Conservative Party - and I must exclude the Member for Sturgeon Creek, who doesn't like to accept his colleagues, the Conservatives from outside of Manitoba, in my interpretation. --(Interjection)-- The

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(MR. CHERNIACK cont'd) . . . . Member for Sturgeon Creek doesn't care one bit about my interpretation. Nevertheless I will try to be honest with him and not to misinterpret him without admitting that it's my interpretation and not a quote from him. Mr. Speaker it is in the fields of health, education, equalization of tax revenues, the tax guarantees which were moneys which we were receiving from the Federal Government, which they are withdrawing. I am not aware that this government has proposed to withdraw any of the shared-cost moneys that we have been passing on to municipalities or school boards in the past. Therefore, for him to try to compare our complaints vis-a-vis Federal Government with the complaints of the municipalities, is false. And I'm not accusing him of doing it deliberately, I accuse him of doing it out of ignorance or inability to evaluate.

Mr. Speaker, he also gave us some statistics on a comparison of the burden of real property taxation in various cities of Canada. I am not aware of the source of those statistics. I do not accept them, and ask him to let us have the benefit of seeing the base, the source for the statistics or the information he used. I'm sure he used it in the belief that they were correct. I have a right, and I do challenge them, and ask that he let us have the figures so that we should be able to review them and deal with them in the next few days. I believe he has heard my request and I am sure that he would honour it.

Mr. Speaker, in the Budget book, in the tables attached to it, is a table showing the information which we have received from the income tax office, the federal income tax, dealing with the credit-claiming filers in 1974, the selected statistics. I said from the federal - it may be the Statistics Canada information, I don't remember which it is. But in any event it indicates that overall, the average property tax credit as a percentage of average gross property taxes amounts to 48.24 percent. Mr. Speaker, that means that almost one-half of the property taxes paid in Manitoba have been indeed rebated by way of the Property Tax Credit Plan, and that's a very, very substantial amount. And I do draw that to the attention of members opposite as a response to the statements made by the Member for Riel. I would say that we are definitely in line in Manitoba in our property taxes with other provinces, especially in the middle and lower income groups.

Mr. Speaker, there are a few other items I would like to deal with. The member and his motion deals with the question of excessive spending. I point out again, as I have in the past, and I guess we will from year to year to year, that this party in opposition has not given us any real base on which we could understand the manner in which they would cut spending. I do not know what program they would cut. Knowing that the massive part of our expenditures are involved in the fields of health, welfare, education - I want to know what they would cut. But, no, they don't say that. I have been sitting - the Member for Riel may or may not have been present through much of the Estimates review of the Department of Health which has been going on now for, at least this last week, but Mr. Speaker, every item we come to starts out with the Member for Rhineland saying: Would the Minister please give the number of people involved, the program involved in this item. He is asking searching questions, he is getting answers. He is not responding by saying there are reductions that should be carried out in the program. I know that he cannot really say: You need two less bodies to carry out this or the other program. I know he can't say that. For that we have to rely on the intensive search that takes place in government much more than can be done in Estimates.

But when the Leader of the Opposition in the House speaks about the share of the economy which is growing in the government's responsibility, or the government's expenditures, then he certainly has to say that there are programs that we have undertaken with which he disagrees. He has to say that the spending that is being done through government in certain areas should not have been undertaken. Instead of that, he relies on a blanket comment, and includes as he does, comments of the Provincial Auditor. Mr. Speaker, I challenge him at the next meeting of Public Accounts to quote himself to the Provincial Auditor and see if the Provincial Auditor will agree that what he calls comments of the Provincial Auditor in regard to last year or the year before that if expenditures and management are any different, or any worse, than they were under any prior regime of which the Provincial Auditor has knowledge. As a matter of fact, I would like the Member for Riel, who was a Minister of the former government, and his colleagues who were

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(MR. CHERNIACK cont'd) . . . .Ministers, to let us have copies of the letters that they used to get from the Provincial Auditor who at that time operated under a much more limited scope, did not have the authority that he has now, certainly did not have the capacity to deal with it because he did not have the staff to deal with it. Nevertheless I'd like very much to see those letters which they received, and I think then --(Interjection)--

Yes. Mr. Speaker, the Member for Lakeside is calling out they didn't have the problems. Mr. Speaker, the Member for Lakeside knows full well, he's an intelligent person, he's been experienced, if you don't have programs, if you don't care what you're doing, you don't have problems; but if you are ready to be innovative, if you are prepared to deal with the situation as it is today and do something about it, Mr. Speaker, you have problems. And it would be very well for the Member for Riel today talking about investing moneys into programs, into enterprises that don't pay for themselves - and I'm sure he is referring to some of the programs that have been financed by this government in northern Manitoba, in the isolated areas, in those places where we hope to turn what is the former government's welfare program into our government's self-building, self-improving productive system, then those are the programs which I would say are of course replete with problems, and we've heard of much of them in the last couple of years. You give somebody the responsibility to manage something which that person has never had to face up to in the past, they will bungle, they will mismanage, they will need help, and some of them won't have a proper accountability for it. And those are problems, and we could have avoided them easily. And if we did, we would have no right to be here and many of us wouldn't have bothered to run for the Legislature if we were going to follow the attitude and the policies of the former government. If we believed as they did, that you could let things remain as they are, we wouldn't be here, we wouldn't be interested. We would be out there working in that competitive society that the Member for Riel and his colleagues espoused, and we would be doing very well, thank you, Mr. Speaker. We would be indeed doing very well. Thank you.

MR. ENNS: Only because . . .

MR. SPEAKER: Order please.

MR. CHERNIACK: I'm sorry, I'm really indeed sorry --(Interjection)--

MR. SPEAKER: Order please. Order please. --(Interjections)--

MR. CHERNIACK: Mr. Speaker, I'm sorry I didn't hear the Member for Lakeside. I like his interjections, although I agree that he shouldn't be doing it and you're quite right in stopping. I'm sure he'll speak on the Budget and I'll be able to hear what he has to say then.

Mr. Speaker, I want to point out some information. I want to point out that Manitoba's per capita spending was the second lowest in Canada in the '75 - '76 fiscal year. There is a table which gives the information on per capita expenditures, and I can run down the list, but I will inform you that Manitoba at \$1,333 is the second lowest second only to Nova Scotia at \$1,224. I'll read the list - no, I don't want to take the time.

A MEMBER: Aw, please.

MR. CHERNIACK: Well, my colleague would like it read, so, . . . Alberta's per capita spending is \$1,657; Newfoundland, \$1,691; then we find Quebec, \$1,497; then we find Ontario, that's close to us, they're \$1,347, and we are \$1,333. So, Mr. Speaker, we are indeed the second in per capita spending, the second lowest in per capita spending. Our growth rate in our provincial expenditures, Mr. Speaker, are not out of line with other provinces. I would say that they are lower than Ottawa's, which is an interesting comment, since they are the great proponents of the need to fight the inflationary trend today. The tables do indicate that I'd also like to point out, that if you include the capital authority requirements for this coming year, that the current and capital for this coming year are lower than they were in total for '75-'76. The total of current and capital in '75-'76 for this province last year was \$1,578,000, and in this coming year will be \$1,575,000, somewhat less, not to any appreciable extent.

So, Mr. Speaker, I think that although the member made a good speech, as I complimented him on making, I must say that he didn't have much material with which to

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(MR. CHERNIACK cont'd) . . . .work and his speech is all the better because of that. He deals with the question of high taxation, and then admits of course that we are not really taxing that much, new taxation under this Budget. He speaks of the indexation that the Federal Government has imposed on us, and approves it. I think his leader, who was last a candidate in the federal arena, would probably remember that the Conservatives did not agree with indexation. Indeed, as I said earlier, let him tell it to Ontario, let him tell it to Alberta, that indexation is a good thing. Let him tell it to Quebec, and I also invite him to tell it to the Marines, who will believe him just as well.

There are important tax cuts in the Budget, and they include, of course, the impact of indexation. There is a table attached to the Budget which does indicate the total change, savings from 1976 over 1975 in those personal taxes which are provincial income tax, property tax credits, cost of living tax credits, and including the surtax which we are proposing to bring in, and the total indicates in every category that in incomes of less than \$25,000 there is net reduction - as high as \$190 for a person earning \$25,000, lower for lesser income people, and that has a great deal to do with the indexation impact which is regressive and which we opposed, and which the Member for Riel seems to approve.

So, Mr. Speaker, if he compares 1969 with 1976, as indeed he has done in talking about the share of government growth, I must tell him that if Manitobans were to pay taxes under the same tax formula as was used by the 1969 Conservative government, then the taxation would have been greater today than it is with our tax rates and tax schemes, and that too is in a table attached to the Budget Speech. The heading is under Comparison of Provincial Income Tax Payable Before and After Manitoba Property and Cost of Living Tax Credits and Surtax. I'm sorry, I'm reading from the wrong heading. It's the Comparison of Provincial Income Tax Payable Before and After the Taxes in a comparison between 1969 and 1976, and 1973 is the formula, the years we are talking about. And there is a substantial reduction. The table would indicate that even at the \$50,000 gross income level, there is a saving of \$162 in '76 over '69. And that I don't take particular pride in, I recognize the fact that indexation over which we have no control is part of it.

Speaking about the increases in taxation, Mr. Speaker, a comparison of the provincial tax rates, right across Canada would indicate that other jurisdictions have raised taxes, different ways, different amounts. For example, Newfoundland came out recently with a new retail sales tax of 10 percent --(Interjection)-- Newfoundland one of my colleagues asks, a Minister who should know, I'll tell him that Newfoundland is governed by a Progressive Conservative government. --(Interjection)-- Well then he would be interested in knowing that Ontario has just increased its retail sales tax to 7 percent. I'm asked, who governs there? It is a Progress Conservative party which is in government in Ontario. Mind you in minority, but they're still there because the Liberals want to keep them there.

I would also like him to know that the health insurance premium has been increased in Ontario this year, up to \$384 for a family. Mr. Speaker, that is across the line for every family in Ontario regardless of ability to pay. The first thing they do when they wake up in the morning is know that over a dollar for that day will be charged to them and put into the coffers of the government's health scheme. Regardless of whether that day will earn them a dollar, or whether it's a day of rest, or whether on that day they earn \$100 a day, or \$200 a day, or a \$1,000 a day, they will all pay the same. Some people call that equality. I suppose Progressive Conservatives must, we do not.

British Columbia: now some people may think British Columbia is an NDP government. I must inform people that it is no longer an NDP government. They now have a Social Credit government. --(Interjection)-- Pardon? The honourable member is saying something I don't quite understand, but I will tell him this, he's talking about a period of three years, I would say three years from now it will be an NDP government, but right now it's a Social Credit government. We know what they did with their government. We know what they did with their auto insurance, but we also know that they've increased their retail sales tax to 7 percent. We know they've just increased their medical health premiums to \$225 for a family. Now that means it doesn't cost as much as it does in Ontario, but indeed there is the same flat premium tax imposed. Oh, and in addition they do have a charge of \$4.00 per diem when in the hospital.

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(MR. CHERNIACK cont'd)

Mr. Speaker, it should be of interest to know that one of the easiest forms of taxation, and I can say this with some experience as a former Minister of Finance, one the easiest forms of taxation is denied to provinces, that is the indirect tax. That indirect tax that is imposed by the Federal Government is really not seen, few people see it. The only time you see it, you know Mr. Speaker, the only time I've ever seen it is when you get a printing order. For some reason or other the printing order shows the federal tax on top of the cost or the charge, and on top of that it shows the provincial sales tax. But only there do you see it, otherwise you don't see it.

But, the next easiest form of taxation is sales tax. Now it is apparent, it is there. Everybody knows they pay it, but they don't notice the dribblets through which it goes between their fingers into taxation. Once you impose it, it is not too difficult a tax. But, Mr. Speaker, it is not an ability-to-pay tax to same extent as the taxes that we have selected as being more in line with our policy.

So it is interesting to know, and I won't bother to cull out the nature of the government or the political stripe of the government, but I want to repeat what the present retail sales taxes are, the general sales taxes; Newfoundland at 10 percent; Prince Edward Island, 8 percent; Nova Scotia, 8 percent; New Brunswick, 8 percent; Quebec, 8 percent; Ontario, 7 percent; British Columbia, 7 percent; oil rich Alberta nil; and the two lowest other than Alberta, Manitoba and Saskatchewan, 5 percent sales tax.

Mr. Speaker, there is a lesson to be learned, and I think that lesson is made clear when we hear the kind of speech we heard from the Member for Riel, and that lesson is that if you want to be selective in seeing to it that you are taxed on the ability-to-pay basis so that there is an equity involved in your contribution to the benefits of society, then this government is governed by the party that will see to it that that is done. That is the lesson, it's rather important --(Interjection)-- From whomever, yes.

MR. SPEAKER: The Honourable Member from Ste. Rose.

MR. A. R. (Pete) ADAM (Ste. Rose): Mr. Speaker, I wanted to ask the Honourable Member if he could tell us what the amount of that hidden federal tax was.

MR. CHERNIACK: I believe it's 11 or 12 percent. Building material is 5 percent, generally it's 11 percent as I understand, I appreciate the member's question; I'm sorry I couldn't give him the answer with so much definity.

Mr. Speaker, there is some more interesting information I have, and I won't dwell on it, that I have tables here dealing with corporation tax and the fact that in spite of our efforts, we find that in Canada corporate profits are still a very low proportion of . . . corporate income tax is still a lesser proportion of profits. I said that wrongly again. The taxable income, the income of corporations which they report for tax purposes is always less than the amounts that they report to their shareholders as having been earned. And that amount, that percentage amount for all industries has actually been reduced from 1968, when it was 64.5 down to 50 percent in 1973, and our effort must be to see to it that corporations are not the beneficiaries of all the methods which are given to them in law, in federal law, to be able to make it possible for them to report for tax purposes an income that is substantially less than the corporate profits that they indeed did make.

I want to spend a moment - and I only have a few minutes - on a comparison with 1969, an interesting year. And I would point out that personal disposable, income mentioned by the Member for Riel today, in 1969 for Manitoba was \$2,293 as compared with all of Canada of \$2,424. In other words, we were behind Canada in disposable income after taxes. In 1975 it is estimated that the personal disposable income per capita in Manitoba is \$4,599 as compared with all of Canada of \$4,521. In other words, we have now succeeded in reversing the 1969 situation where our disposable income per capita was less than the national average we are now somewhat just slightly higher than that. I think that is important. Another important comparison is the expenditures by governments for the fiscal years, and I have them, from 1959 to 1969 the yearly average compounded is 17.1 percent, the compound yearly rate of increase from 1959 to 1969. Some may wonder why I picked those years, but most will realize that they have significance,

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(MR. CHERNIACK cont'd) . . . .because I will compare them with a period 1969 to 1977, I find the yearly average is 16.9 percent. I don't make much point in saying that the increase, the average increase during our regime was .2 percent less than the Conservative time, but the fact is it is not greater. And there is a further fact, and that fact is, that our figures include complete medicare and hospital costs; our figures include over \$100 million in tax rebates to the Property Tax Credit Plan and the Cost of Living Tax Credit Plan, and with these additional disbursements our average is roughly the same as the Conservatives for their period of tenure. So they will say, but look at the increase, and we don't have to say to them look at the increase in the service we provided, because, Mr. Speaker, there is not a Manitoban who doesn't know the difference in the service that they provided and that we did.

I must conclude, Mr. Speaker, with just a little bit of a, I won't say a bitter note, but it comes hard to me to criticize the Leader of the Conservative Party who is not in this House, and may yet have difficulty getting into it. I say that because I like him, we are friends. And yet I cannot help reacting to the statement that he made after the Budget was delivered, the Budget Address was delivered by our Leader, and he is quoted here as saying: "Manitoba has been leading the pack in provincial tax since 1969 when this incompetent pack came to office." Mr. Speaker, I suppose I'm sensitive; I suppose it hurts to read his saying that; I suppose that's why I found it advisable to bring up these statistics to indicate the improvement in the lot of Manitobans as between their period of government and ours. I suppose I found it unacceptable that that person could make this kind of statement about the incompetence. And, Mr. Speaker, we have admitted areas in which we have not been perfectly sure with our administration and controls. But to hear this from a man who is a member of a cabinet which was involved in two major blunders in their regime, two major, because when the Member for Riel talks about Hydro then I have to say that I am happy that our government was able to take hold at a time when we could still become involved in caring about the environment and caring about the people, in caring about northern Manitoba without excluding them from Hydro's plans, as was done by the previous Conservative government. The blunder they made was to have no regard for anything but the cheapest way to produce power; and one of the great achievements of our government is that we were able to get in in time with the help of Cass-Beggs, with the help of Bateman, to become involved in protecting Manitobans and protecting the environment.

I'm almost through Mr. Chairman, I must be close to running out of time. I would say that I'm sorry I was not present during the Public Utilities Committee discussions when indeed, I understand the Member for Riel tried to ask some questions from Mr. Bateman and was slapped down pretty quickly - I don't mean by Mr. Bateman alone but generally by the information that was given. This man also, the second blunder I must refer to, is that he was a member, and an important member of the team that negotiated an open-ended agreement with Churchill Forest Industries. And you know, Mr. Speaker, I regret for myself that I for one did not in my mind challenge the competence of that government in making the transaction. I criticized that deal for all the give-aways involved in it. I did not really believe, as proved obvious, that they would have permitted such sloppy mishandling, such blundering in the handling of that loan, that even though I disagreed with it, I expected that they would have handled it in a much better way.

So, Mr. Speaker, I must conclude by coming back to saying, I cannot accept a statement made by the Leader of the Conservative Party about the incompetence when we have in our Budget Speech a direct quote from an internationally recognized authority on money management, who advises investors who invest hundreds of millions of millions of dollars and rely on this kind of reporting of the Moody Report.

I must have run out of time, Mr. Speaker, was going to read it, I won't. It's in the Budget report; it is a complete recognition by this company that the government's administration is competent and should be trusted even more than it ever was, because it did give them a higher rating. Thank you.

MR. SPEAKER: The Honourable Member for Fort Rouge.

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MR. AXWORTHY: Thank you, Mr. Speaker, I beg to move, seconded by the Member from Portage la Prairie, that debate be adjourned.

MOTION presented and carried.

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: Mr. Speaker, I haven't really canvassed the opposition, I rightly perceive their move.

Mr. Speaker, I move, seconded by Honourable the Minister of Agriculture, that the House do now adjourn.

MOTION presented and carried.

MR. SPEAKER: Accordingly the House is adjourned and stands adjourned until Monday, 2:30. I hope everyone has a nice weekend.