

# LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, 17 March, 1987.

Time — 1:30 p.m.

## OPENING PRAYER by Madam Speaker.

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

## MINISTERIAL STATEMENTS AND TABLING OF REPORTS

**MADAM SPEAKER:** The Honourable Minister of Health.

**HON. L. DESJARDINS:** Madam Speaker, I am pleased to inform the Legislature that one of our high priorities, namely, the construction of a new Pediatric Intensive Care Unit in the Children's Hospital, will soon be under way.

It is also my pleasure to report that the Variety Club of Manitoba has accepted our invitation to be a partner with government in this project and, in doing so, they will contribute nearly .5 million toward this project.

This renovation of an existing ward in the old Children's Hospital is required because the present Pediatric Intensive Care Unit, with only six beds, is always full and is sometimes forced to almost double its capacity.

The renovation, estimated at a cost of approximately \$1.1 million, is temporary until the completion of the HA Building, now in the planning stages. Under the Health Sciences Centre redevelopment plan, all intensive care units and other high technology dependent services are to be housed in the HA Building now being planned but not likely to be ready for several years.

The present Pediatric Intensive Care Unit in the old Children's Hospital is obsolete, overcrowded and wholly unsuitable to care for the increasing numbers of children in need of care. Today, with the help of intensive care units and all the technological support these units possess, children who would formerly have died from serious illness or injury can now recover. We must provide modern intensive care, and we are grateful for the generous support of the Variety Club of Manitoba.

As the members of this House know, the Variety Club's mandate is to help children. They are doing just that by:

- . supporting a wing in the Rehabilitation Centre for children where myoelectric limbs, recreational limbs, braces and splints are provided along with family therapy;
- . supporting a special care pediatric unit at St. Boniface General Hospital;
- . supporting a neonatal intensive care unit at Brandon General Hospital;
- . supporting a neonatal intensive care centre at Victoria General Hospital with equipment to make transport to another hospital safe and comfortable for high risk infants;

. supporting the Variety Children's Heart Centre, Manitoba's Pediatric Cardiology Program at the Health Sciences Centre, with a contribution of \$1 million over 10 years beginning in 1984.

Madam Speaker, I believe the members of this Legislature would endorse my thanks to the members of the Variety Club of Manitoba for their generosity and enthusiastic cooperation with government on behalf of Manitoba children.

Thank you.

**MADAM SPEAKER:** The Honourable Member for Pembina.

**MR. D. ORCHARD:** Thank you, Madam Speaker.

On behalf of the members of the Progressive Conservative Party, and I'm sure I even speak for the leader of the Liberal Party, we're pleased that the government has seen fit to — (Interjection) — No, I believe she would want to endorse the Variety Club's .5 million contribution to this.

Madam Speaker, this unit, as the Minister has indicated, is much needed. It was only some three years ago, I believe, that children were flown from Manitoba to Saskatchewan hospitals in need of intensive care. This may well relieve the cost, although for some of those children it's three years too late.

I think what's important to recognize here is that Manitobans, through voluntary contribution and support of the Variety Club, and the dedicated efforts of its members, are providing .5 million in this one instance alone to provide enhanced health care to Manitobans. Those are the same Manitobans, Madam Speaker, that last night were pillaged for .25 billion in extra taxes. And how much longer will those Manitobans be able to be as generous to the Variety Club and provide them and other service clubs with funds that are being used so beneficially to the children of Manitoba?

Madam Speaker, it's interesting to note that the Minister and this government openly welcome the Variety Club's participation in this renovation to the Health Sciences Centre to provide extra care for children, when it was only some three years ago that they turned down a similar offer of approximately .5 million from another service club in Manitoba-Northwest Ontario to fund a CAT scan which was much needed at that time in Manitoba hospitals. Today, the finances in this province are changed so dramatically that they welcome and endorse that kind of support.

Madam Speaker, I must say we on this side of the House, in the Progressive Conservative Party, have always endorsed the Variety Club and other service clubs for their very beneficial provision of additional services to Manitobans.

**MADAM SPEAKER:** The Honourable Attorney-General.

**HON. R. PENNER:** I beg leave to table the Sixty-Third Annual Report of the Manitoba Liquor Control Commission for the fiscal year ending March 31, 1986.

**MADAM SPEAKER:** The Honourable Minister of Labour.

**HON. A. MACKLING:** Madam Speaker, I wish to table a number of reports:

- a report under subsection 113(1) and section 114 of The Insurance Act;
- a report under section 13 of The Trade Practices Enquiry Act;
- the Annual Report of the Consumer and Corporate Affairs Department for the year 1985-86;
- the Annual Report of the Department of Labour;
- the Annual Report of the Office of the Fire Commissioner;
- the Annual Report of the Manitoba Labour Board; and
- the Annual Report for 1985, the Labour Management Review Committee.

**MADAM SPEAKER:** The Honourable Minister of Municipal Affairs.

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

I am pleased to table the 1986 Annual Report for the Manitoba Public Insurance Corporation for the fiscal period ending October 31, 1986.

**MADAM SPEAKER:** The Honourable Minister of Urban Affairs.

**HON. G. DOER:** Madam Speaker, I wish to table the Report of the Manitoba Telephone System for the year ending March 31, 1986.

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

## ORAL QUESTIONS

### Budget - credit rating drop

**MADAM SPEAKER:** The Honourable Member for Morris.

**MR. C. MANNES:** Thank you, Madam Speaker.

Last night Manitobans were given the full meaning of the NDP version of tax reform, Madam Speaker. Unquestionably, the major new tax measures and tax increases that were ruthlessly placed upon the shoulders of all Manitobans, Madam Speaker, represented the greatest tax grab in the history of this province.

Madam Speaker, my question to the Minister: How will the government be able to prevent another major drop in the credit rating of this province, moving it to within one small step to a point where we will not be able to secure credit? How will the Minister be able to prevent this when he has brought about an unprecedented tax grab and yet been unable to reduce the deficit and the debt of this province?

**MADAM SPEAKER:** The Honourable Minister of Finance.

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

The approach that this government has taken with respect to looking after the needs of Manitobans as expressed by Manitobans for the maintenance of health, education and other needed social services, the approach that this government has taken to the very critical problems that are facing our family farmers and the needs of our agricultural community has been to provide for those services in the Budget that was brought down last night.

As an example, Madam Speaker, the spending in agriculture is twice that which was provided for when members opposite were in government. It's that kind of support for agriculture that Manitobans support and Manitobans want. The approach that we have taken with respect to providing revenue for those needed services has been in a fair and balanced manner, Madam Speaker. There is no question that Manitobans support the opportunity of paying their fair share for those services that they want.

In terms of the question of how the rating agencies may view this Budget, as I have said in the past, Madam Speaker, the government's first priority is looking after the needs of the people in the Province of Manitoba. We recognize and are concerned when external agencies look at Manitoba, and we try to ensure that they do understand and know the full impact of the growth in the economy of Manitoba. I don't expect to see any deterioration in the way that the agencies view the Manitoba credit rating.

**MR. C. MANNES:** Madam Speaker, by my calculations, expenditures in this Budget are going to increase 9 percent; not 8.2 per cent, or not 5.7 per cent, as the new creative accounting approach introduced by this Budget laid out.

My question to the Minister, Madam Speaker: Can the Minister indicate how, after many pleadings from those people that met with him in his pre-Budget consultative process; and how, after Decker in his report on page 54, highly recommended to this government, bring in some long-term expenditure reduction; and how, after this government of five years of total expenditure increase in the realm of 72 percent; how, after all of that, this government could bring in a Budget that increases the expenditures 9 percent, double the rate of inflation.

**MADAM SPEAKER:** The Honourable Minister of Finance.

**HON. E. KOSTYRA:** Madam Speaker, the approach that we have taken with respect to the needs of Manitoba is to look at those expenditures that go for the services to provide people in Manitoba with health care, education and the support for agriculture. The greatest increases of funds in this Budget go to those priority areas, areas that Manitobans want maintained and enhanced, Madam Speaker.

What is the approach of members opposite to these problems? Are they suggesting that we should slash spending on health care and education like their counterparts in Saskatchewan and Alberta, Madam Speaker, or would they implement the kind of things that I heard on the radio this morning from a spokesperson for the Conservative party, their head

fund raiser, when he suggested that we should be looking at user fees in the Province of Manitoba? Is that what the member opposite would be suggesting that we should look at?

We reject that approach, Madam Speaker. We look at the needs of Manitobans and we provide for those needs through the expenditures of this government in the priority areas.

There are other areas in the Budget that was brought down that showed that the government is holding down on expenditures. In areas like advertising, there is actually a reduction in government expenditures. Other government departments have expenditure levels that are at or below increases in inflation, and in some areas they have been reduced.

So we have taken a balanced approach with respect to expenditures; and we have taken a balanced approach with respect to revenues for those expenditures and needs in Manitoba.

### Budget - creative accounting

**MADAM SPEAKER:** The Honourable Member for Morris with a supplementary.

**MR. C. MANNES:** Madam Speaker, from time to time, members opposite have charged us for wanting to have it both ways. The members opposite are having it both ways in increasing the expenditure and in also increasing the debt without increasing or decreasing the services, Madam Speaker.

My question, Madam Speaker: Why the introduction of a new creative accounting on page 33, in the Budget Address, when the Minister excludes \$116 million increase in public debt costs to make it appear as if our expenditures are not increasing at the same rate or at the rate they would otherwise? Why is the Minister trying to obfuscate the truth within this area? Why the new system of creative accounting?

**HON. E. KOSTYRA:** The Budget document provides full and factual information with respect to the financial affairs of the Government of Manitoba. We have expanded the kind of information that is being provided with respect to the financial affairs of the province. We have introduced a new appendix to the Budget, providing further information on services. We have brought some of the overall figures into the Budget text itself. We have even given members of the Opposition the opportunity of being in the lockup, in the detailed briefing that goes on in the Budget, to ensure that they have factual and full information. We are expanding the information that we provide to members of the Legislature and to the public with respect to the financial affairs of the province. I've got nothing to apologize for and members on this side have nothing to apologize for.

In terms of the financial information, we are providing full financial information; in fact, we are expanding that for members of the Legislature.

### Budget - accurate forecast

**MR. C. MANNES:** A question, Madam Speaker, to the Minister of Finance.

The Minister yesterday released a Third Quarter Report of the present fiscal year, and within that report, Madam Speaker, it was obvious that forecasted revenues were more or less at the level that they had been forecast a year ago. However, expenditures had increased beyond the forecasted level by some \$70 million. Taking that into account, Madam Speaker, I ask the Minister of Finance what confidence the taxpayers, indeed all people of the Province of Manitoba, can have that this new Budget for the next fiscal year coming will represent an accurate forecast of not only the expenditures, but indeed the deficit forecast to be \$415 million, what confidence we can have that number will come into final being?

**HON. E. KOSTYRA:** Madam Speaker, I can tell members and I can tell the public they can have more confidence in these figures than those of Conservative Governments in Saskatchewan in terms of the amount that they're out in their expenditures and their deficits.

As I had explained previously with respect to the Second Quarter Report, there were some significant increases in expenditures in the areas of health care in particular. There were some increases in costs due to the changing or the calling-in of the previous loan that's cause for an increase in the accounting in this current year for the fluctuation in regard to that loan, and as the member is aware though didn't recognize, there is actually an improvement in the Third Quarter Report over the Second Quarter Report by some \$20 million reduction in the anticipated deficit for this current year.

**MR. C. MANNES:** Madam Speaker, I'm asking the Minister of Finance how he can rationalize, or if he can rationalize, how the largest tax grab in the history of this province is materially unable to attack the debt of the province and make any material difference to the deficit, because, Madam Speaker, in my view the deficit next year is not 415, it'll be closer to the area of \$500 million. My question to the Minister: How is it that he can explain that this major tax increase will do very little to change the deficit position of this province?

**HON. E. KOSTYRA:** The revenue adjustments that are provided for in this Budget go in part to meet the expenditure needs of the government to provide services in the areas of health, education and more money for agriculture.

It also provides, Madam Speaker, if you look very closely at what is taking place with respect to the taxation adjustment, it does provide for much-needed relief for people on middle and lower incomes; it provides relief for farmers where they will see a reduction at lower income levels for the taxes that they pay in this province. So, there is much in terms of providing relief for people in this Budget as there is in terms of revenue adjustments.

The revenue adjustments are based solidly on the ability-to-pay principle and based on fairness between corporations and individuals and higher income people and lower income people, Madam Speaker.

### Per Capita Debt

**MR. C. MANNES:** A final supplementary, Madam Speaker, and it'll be sufficiently different that the

Minister will have to give a new answer; he'll have to give a new answer to this one I'm sure, or no answer at all.

**MADAM SPEAKER:** Question.

**MR. C. MANNES:** Madam Speaker, given that we are going to the money market for another \$1.56 billion in the upcoming year, can the Minister indicate what the per capita debt will be of the province as of March 31, 1986? Furthermore, can he indicate what increase, or how much higher it is from the \$4,000 per capita debt that existed when the NDP took government in 1981?

**HON. E. KOSTYRA:** As members are aware, the government, through its borrowing program, provides funds for general government purposes, provides funds for long-term investments in the province through Manitoba Hydro, through Manitoba Telephone System, through other Crown agencies that are building up the asset base of our province and making significant investments for the economic growth at present in our province and for the future. So those are significant and important investments that are being made and are providing a return to the citizens of our province.

In terms of the details of his question, I don't have the statistics readily available and I will provide them for him as soon as I can so that he can have that information, Madam Speaker.

### Budget - burden on individuals

**MADAM SPEAKER:** The Honourable Member for River Heights.

**MRS. S. CARSTAIRS:** Thank you, Madam Speaker.

My question was to the Premier, but I understand he is with his mother, who is going through surgery, and I know that all of us join in hoping that she has a very speedy recovery, so my question will be to the Deputy Premier.

Throughout many speeches, more particularly at the First Ministers' Conference in November, the Premier called on the Federal Government to have large corporations pay a fairer share of the tax burden of this province. Therefore, Madam Speaker, I'd like to ask the Deputy Premier how she can accept yesterday's Budget which in fact, in creation of all new revenues, places 77 percent on individuals and 23 percent on corporations?

**MADAM SPEAKER:** Would the honourable member like to rephrase her question so it does not seek a personal opinion?

The Honourable Member for River Heights.

**MRS. S. CARSTAIRS:** Thank you, Madam Speaker.

Has the government changed its policy with regard to placing a fairer burden on individuals, as well as on corporations?

**MADAM SPEAKER:** The Honourable Minister of Community Services.

**HON. M. SMITH:** Madam Speaker, I'm very happy to have the opportunity to comment on that. The shift to

the better-off corporations and individuals is extremely significant in this Budget. The fact that we have asked the Federal Government to make a thorough overhaul of their tax system is because the major tools available to reduce the tax expenditures and to increase the share of better-off individuals in corporations rests with the Federal Government.

We have done the best we can with what flexibility is available at the provincial level, but there is a very significant shift, increase at the upper end and a reduction of tax at the lower end, Madam Speaker.

**MRS. S. CARSTAIRS:** A supplementary question to the Deputy Premier.

I would ask the Deputy Premier, in light of her party's position last weekend, which permitted Quebec to opt out of programs and receive compensation from the government, is this government still committed to the principle of a strong, national government?

**HON. M. SMITH:** Madam Speaker, I don't know the source of information that the Member for River Heights has about the content of the resolution. A very important component of that resolution was the economic and fiscal equity issues for the national government, and it was only within that framework, within that context that there would be any variation permitted Quebec in the delivery pattern.

### CF-18 - contract

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

At the recent convention, again the NDP party indicated that it was no longer committed to disapproval of the Federal Government on its handling of the CF-18 fiasco. Is this now acceptable government policy that they now approve of the contract going to Montreal?

**HON. M. SMITH:** Madam Speaker, not being privy to the workings of conventions of the other political parties, but being quite experienced in the workings of our conventions, members should know that the numbers of resolutions that are proposed by riding organizations number in the hundreds. The issue of CF-18 was dealt with in the context of regional development, Madam Speaker, because the whole issue was tied to procurement policy.

Madam Speaker, I really would urge the members opposite not to draw the conclusion just from a newspaper article to find out more about the nature of the policy formation practice in the NDP.

### MPIC - reinsurance losses

**MADAM SPEAKER:** The Honourable Member for Pembina.

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

Madam Speaker, why did the Minister withhold from the Legislature yesterday the fact that last year the reinsurance portfolio of MPIC lost \$36.7 million?

**MADAM SPEAKER:** Will the honourable member please readdress his question.

Tuesday, 17 March, 1987

**MR. D. ORCHARD:** Given, No. 1, that the Minister responsible for Autopac is also chairman of the board; given, No. 2, Madam Speaker, that in his answers yesterday to this House and to the people of Manitoba, he indicated the loss in the automobile division would be over \$18 million, and he indicated the loss in the general insurance division would be over \$2 million, why did he not tell the people of Manitoba that the loss on the reinsurance division would be \$36.7 million?

**MADAM SPEAKER:** The Honourable Minister responsible for MPIC.

**HON. J. BUCKLASCHUK:** Thank you, Madam Speaker. Indeed, I did indicate to the House yesterday that the loss in the Autopac division was somewhere around \$18 million. That is confirmed within the report. I'd indicated - I haven't had a chance to check Hansard - but I think I said a \$4- or \$5-million loss in the general division and, in fact, I overestimated or overstated. I am surprised, with the business acumen that the Opposition professes to possess, that they cannot read a financial statement. The \$36 million is a provision for losses that'll take place perhaps over the next 20 years. It is not a loss in last year's operations.

**MR. D. ORCHARD:** Madam Speaker, given that in the notes to the financial statement, it is indicated that due to the losses of \$36.7 million in the reinsurance division, MPIC will no longer enter into that business - this quote, "Line of business has been discontinued and new underwriting guidelines have been established to prevent future participation in the international prorata retrocessional business." - my question to the Minister is: Where will this \$36.7 million loss be recouped? Will it be on the backs of the drivers of Manitoba?

**HON. J. BUCKLASCHUK:** Again, I must express some surprise that the members opposite apparently do not know that there is absolutely no cross-subsidization of the general insurance division by the Autopac division. It is prohibited by legislation.

Let me, Madam Speaker, take a few moments to deal with this issue. It is a serious issue, and I think that this House and all Manitobans deserve an explanation as to how these potential losses were incurred.

Since 1975, the Manitoba Public Insurance Corporation has been involved in the area of reinsurance and also in retrocession. This took place during the four years of Tory administration without any questions being raised. Madam Speaker, not unlike the insurance industry elsewhere in the world, MPIC did suffer some considerable losses, and may I just enumerate a few of them.

For instance, in 1984, we had incurred losses of - I'm just using a few figures here - \$2.4 million, \$1.7 million, \$3.4 million; in 1985, some additional losses: 1.3, 2.4, 1.0, 3.9.

Now we have, over the years, been showing the actual losses in the report for the fiscal year. However, on reviewing the potential losses, and with the guidance of the Auditor, it was decided this year to show a \$36 million figure, a provision for incurred but not reported. In other words, these will likely happen over the next number of years and we'll have to pay it out.

These are some of the treaties and the potential losses: \$6.7 million, 3.5 million; New England Reed, 3.8 million; RAG Jackson, 1.5 million; Belvedere, 2.3 million. Twenty-one million dollars.

Madam Speaker, every loss I have referred to so far is a loss incurred as a result of a treaty entered into during the Tory administration.

**MADAM SPEAKER:** Order please.

**HON. J. BUCKLASCHUK:** So, if anyone should be asking . . .

**MADAM SPEAKER:** Order please.

**HON. J. BUCKLASCHUK:** . . . about where the losses come from, the answer is over there.

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

### MPIC - resignation of Minister

**MADAM SPEAKER:** The Honourable Member for Pembina with a supplementary.

**MR. D. ORCHARD:** Madam Speaker, my supplementary is brief and to the Minister responsible for MPIC.

Facing a \$58 million combined loss in the fiscal year in which he has been chairman of the board, will he do the honourable thing and tender his resignation to the Premier as chairman of the board and as Minister responsible for Autopac?

**HON. J. BUCKLASCHUK:** Madam Speaker, I just indicated that, in 1984, the corporation, I just enumerated something like \$8 million worth of losses as a result of treaties entered into during the Tory administration; in '85, \$10 million as a result of treaties entered under the Tory administration; in the \$36 million write-up, \$21 million of potential losses because of treaties they entered into. I don't know why I should be held responsible for your mistakes.

Secondly, on the \$18 million loss in Autopac, it has been stated time and time again there was a 9 percent increase in a number of claims, a 19 percent increase in the cost of the claims. You must have a much better crystal ball than I ever did, but I'll take full responsibility for the performance -(Interjection)- and resign? Absolutely not.

### Farmers - relief from education tax

**MADAM SPEAKER:** The Honourable Member for Virden.

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

Madam Speaker, it's the grain farmers of Manitoba who are having the greatest economic problem and it's them that need a reduction in operating expenses like education taxes. Madam Speaker, looking at last night's Budget, it appears that the smaller landowners, the hobby farmers, the landlord who rents his land out

and the intensive livestock units, it appears that they are getting more of a break in the education tax than the grain farmer.

Madam Speaker, I'd like to ask the Minister of Agriculture: Is this the policy that he's putting forward?

**MADAM SPEAKER:** The Honourable Minister of Agriculture.

**HON. B. URUSKI:** Madam Speaker, when two-thirds of Manitoba farmers will virtually have their education taxes eliminated by this budgetary measure, I wonder who the honourable member speaks for.

Madam Speaker, our proposals are not income-related. They are related to operators, both lessees and owners. Madam Speaker, they take into account farmers right across the width and breadth of the Province of Manitoba, and those benefits, in addition to the \$500 that is being provided, there is the continued benefit of \$325, and there is, for those farmers who are in age groups above 55 and over, an additional \$175 of benefits that can be used, \$1,000 per farm family.

Madam Speaker, that is twice as much on the average benefit to a farmer than the loans that were provided by the Saskatchewan Government of over \$1 billion, almost twice as much per average family farm in the Province of Manitoba of direct benefits in one year.

### Farmers - GSE and Special Levy

**MR. G. FINDLAY:** Farmers pay education taxes under two levies - the GSE levy and the special levy. Does the farmer qualify for a reduction of both levies in this Education Tax Program?

**HON. B. URUSKI:** Madam Speaker, all the detailed announcements that we will make under this program will be announced in very short order. All the school taxes that a farmer pays will in fact be eligible for the assistance, but I would ask my honourable friends to wait for all the details of the program. They will be announced within a week or two and all members of the House and all Manitobans will be knowledgeable of them. Those application forms will be available so that Manitobans who do not own land but operate land will also be eligible for assistance.

It is not just the owners, Madam Speaker. It is actually the owners and operators of farm land in Manitoba, so that everyone has access to the benefit, because they are the actual farmers in this case.

**MR. G. FINDLAY:** Earlier on, Madam Speaker, the Minister said that three-quarters of farmers would pay no school tax, but the arithmetic is that Manitoba farmers pay about \$45 million a year; the tax forgiveness program is \$12 million. Is this another example of creative accounting?

**HON. B. URUSKI:** Madam Speaker, here is again a case of the provincial Conservatives attempting to load the dire straits of the grain industry of this country onto a provincial government and defending their interests.

Madam Speaker, grain farmers in this country are facing bankruptcy and facing foreclosure and facing

very dire times. It is very clear, by the actions or the inaction of our national government, that the Income Stabilization Programs in this country are inadequate. These members hope to say that this program is going to bail out all the farmers in difficulty.

Madam Speaker, it is an acknowledgement and it has been said by us time and time again that a province of this size can only do so much as it can. It's clear that this Budget, this government and this Minister is doing all that it can to assist the family farms of the Province of Manitoba, and this will go a long way to alleviating some of the input costs that we have responsibility for, unlike their friends in other provinces and in this country.

### Farm land - dual operation

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

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

My final supplementary to the Minister of Agriculture: When there is more than one operator on a farm, such as a father-son relationship and the land is registered under one name, do they qualify for more than one \$500 unit?

**HON. B. URUSKI:** Madam Speaker, those questions I will take as notice and I will make sure that those kinds of details are provided when the program is announced.

### MACC - long-term leasebacks

**MADAM SPEAKER:** The Honourable Member for Ellice.

**MR. H. SMITH:** As we all know, the state of the agricultural industry in Manitoba is important to all of us, and therefore I have a few questions to the Minister of Agriculture.

The first question is: Can the Minister explain how the MACC long-term leaseback arrangements will operate, and will other institutions be offering these arrangements?

**MADAM SPEAKER:** The Honourable Minister of Agriculture, briefly.

**HON. B. URUSKI:** Madam Speaker, it's very evident that members on the opposite side don't want to keep as many farmers on the land as we would like to have. All they want to do is play politics with the farmers of this province. They will stand up for the banks; they will do all kinds of things, but not defend the farmers.

Madam Speaker, there is one option that is very fundamental to this government's policy of keeping and assisting people to keep them on the land, and that is, rather than foreclosing and chasing people off the land, we will offer a leaseback provision where management ability is reasonable and keep people on the land, unlike the kind of actions that they have been pushing for, get people off the land and get them out of there and then berate the government with the statistics of people leaving the land.

We hope by this initiative that all lending institutions will provide the farmers of Manitoba a long-term leaseback option, as an option to foreclosure, Madam Speaker.

### Farmers - Land Transfer Tax

**MADAM SPEAKER:** The Honourable Member for Ellice with a supplementary.

**MR. H. SMITH:** I have a second question to the Minister of Agriculture.

How will the changes to the Land Transfer Tax affect farmers in this province?

**HON. B. URUSKI:** Madam Speaker, in the questions a few days ago, members opposite said that farmers were losing their land as a result of school taxation in this province. This measure alone will in fact virtually remove any cost impediment for the transfer of land to the farm community, versus what is in place now.

The farm community is exempt by this land transfer tax, other than the legal cost, and unlike some of the suggestions that the members opposite have made.

### Budget - hydro rate increase

**MADAM SPEAKER:** The Honourable Member for Lakeside.

**MR. H. ENNS:** Thank you, Madam Speaker.

I, for one, will rest much easier knowing that the farmers in the constituency of Ellice, located in the inner core of the City of Winnipeg, fully understand . . .

**MADAM SPEAKER:** Does the honourable member have a question?

**MR. H. ENNS:** . . . the Farm Landlease Program. Madam Speaker, I direct a question to the Minister of Energy and Mines.

It comes from the announcement in the Budget last night, which included of course, among the many millions of dollars that ordinary taxpayers of Manitoba, including those people living on fixed incomes, senior citizens, those people of low income will have to pay, that is the additional 4 percent increase on their hydro rates.

We are aware that the 5 percent the utility is presently asking is currently being reviewed by the Public Utilities Board. My question to the Minister is: Will this additional 4 percent be subject to review of the Public Utilities Board?

**MADAM SPEAKER:** The Honourable Minister of Energy and Mines.

**HON. W. PARASIUK:** Madam Speaker, that would depend upon whether in fact someone applies to the Public Utilities Board to have it reviewed. We in fact believe that this is very much a part of normal policy and, as a consequence, we certainly wouldn't be referring this ourselves to the Public Utilities Board.

But in the course of their hearings on the past rate increase, which I think is a very moderate one, they may in fact decide that they would like to look at this as well, and we wouldn't mind that at all.

**MR. H. ENNS:** Madam Speaker, I don't wish to abuse the question period in disputing Ministers' answers, but it is not normal policy for a government to impose a rate increase on a public utility.

I'm simply asking: Is it now the policy of this government that those rate increases imposed by this government are not subject to review by any regulatory body, as compared to those increases that utility themselves asked, whether it's Telephones or, in this case, Hydro? Is it only the rate increased by the utility, when initiated by the utility, that is subject to a review?

**HON. W. PARASIUK:** Madam Speaker, what we are doing here is cleaning up a disastrous mess that was established by the Conservative Government in their 1979 Budget, when they in fact subsequently passed legislation ensuring that electricity rates would not be reviewed by the Public Utilities Board.

What they did at that time, and they said that they would in fact freeze hydro rates for five years and establish a system whereby Canadian debt of the various interest rates that were picked up because of foreign exchange borrowings would be picked up by the Manitoba Government. That was Conservative policy. It was a foolish policy and everyone said it was a foolish policy. They froze the rates, they adopted the exchange rate subsidy, they ran down the reserves by \$65 million, and we now find ourselves in the situation of cleaning up their fiscal mess just as we are doing with MPIC, Madam Speaker.

We can hear shouts on the other sides, but we have done so in a rational, reasonable way, and we know that the people of Manitoba support what we are doing as compared to the mess that was left us in 1981 by this government across the way.

**MR. H. ENNS:** Madam Speaker, I will let those everyday Manitobans judge whether or not the experience under a Conservative administration, which saw no increases in hydro rates, or the experience we are now suffering under the NDP, whether or not one is better than another one.

But my simple, final question to the Minister is: Will he not agree that when rates are frozen and no increases occur, there's hardly need for a review by any regulatory agency?

**MADAM SPEAKER:** Order please.

That questions seeks an opinion.

**HON. W. PARASIUK:** Madam Speaker, when rates are frozen and the public utility of this province suffers a \$65 million loss, that's a serious matter.

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

I ruled the question out of order.

**HON. W. PARASIUK:** Well, given this . . .

**MADAM SPEAKER:** Order please.

## Budget - loss of jobs

**MADAM SPEAKER:** The Honourable Member for Fort Garry.

**MR. C. BIRT:** Thank you, Madam Speaker.

In the Speech from the Throne, the government took great delight in saying that they had interviewed before the Public Utilities Board in regard to a monopoly gas supplier who was, in effect, charging the people in the Province of Manitoba in excess of \$50 million a year, and that amounted to about \$150 per household and about \$1,600 per business. This meant there would be about 1,400 lost jobs in the Province of Manitoba.

My question to the Minister of Finance is: Given that he is now taking another \$275 million out of the economy, does this mean that we will lose \$7,700 in jobs in this province?

**MADAM SPEAKER:** The Honourable Minister of Finance.

**HON. E. KOSTYRA:** I have never heard such a foolish question in my life, Madam Speaker.

When the member compares a company that withdraws money right outside of the Manitoba economy to a Budget that provides for a continuation of services to Manitobans, that provides for job creation activity in Manitoba, that provides for further private sector investment in our province, when we talk about a Budget that provides redistribution of income to lower-income people who will spend that money in Manitoba, and he somehow suggests that those comparisons are alike, this Budget will keep us on the path of increased economic growth in our province, increased job creation in our province, and will continue to allow Manitoba to lead the nation in terms of unemployment and job creation.

**MR. C. BIRT:** My question is to the Minister of Finance.

In preparing his Budget and the new taxes he imposed last night, did they do an analysis or projections as to the number of jobs it would cost the Province of Manitoba? In other words, how many jobs would be lost as a result of the Budget that was prepared last night?

**HON. E. KOSTYRA:** Madam Speaker, I believe I've already answered that question.

It's our belief and it's our conviction that job creation will continue in the Province of Manitoba, that we will continue to have a reduction in the unemployment in our province and we will continue to have economic growth, and this Budget will ensure that economic growth is shared equally and fairly throughout Manitoba.

**MADAM SPEAKER:** The Honourable Member for Fort Garry with a supplementary.

**MR. C. BIRT:** Thank you, Madam Speaker.

Given that the government, that the Minister of Finance has been responsible for the last five years, has always prepared an analysis when the Federal Government raises taxes, that it's going to cost a certain number of lost jobs in this province, why then hasn't

the Minister done his own analysis on his own tax increase as to the number of jobs that will be lost in the Province of Manitoba?

**HON. E. KOSTYRA:** Again, I'm answering the same question for the third time. It's the opinion of this government, evidenced by not only this Budget but previous Budgets, that we will be able to continue on our path of economic development, we will continue on the path of job creation and have a lower unemployment rate and, hopefully, be able to keep that rate at the level that it is right now, which is the lowest in all of the provinces in Canada.

**MADAM SPEAKER:** The time for Oral Questions has expired.

## ORDERS OF THE DAY

**MADAM SPEAKER:** On the adjourned debate on the proposed motion of the Honourable Minister of Finance that this House approve, in general, the budgetary policy of the government, standing in the name of the Honourable Leader of the Opposition . . .

**MR. C. BAKER:** Madam Speaker . . .

**MADAM SPEAKER:** The Honourable Member for Lac du Bonnet with a point of order.

**MR. C. BAKER:** Yes, Madam Speaker, I'm sorry I didn't get your attention, but I was standing and asking to make a non-political statement, please, if I have leave.

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

## NON-POLITICAL STATEMENT

**MR. C. BAKER:** Madam Speaker, I'm sure everybody in this House would like to know that a team from Beausejour of 13-year olds, called the Beausejour Stingers, won the 13-year old hockey championships held at Carman last week.

I'm sure we'd all want to congratulate the winners and thank all of those volunteer coaches and support staff who made it possible.

Thank you very much.

## BUDGET DEBATE

**MADAM SPEAKER:** The Honourable Leader of the Opposition.

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

I believe that this is the most important speaking opportunity I will have in this Legislature in this Session.

Last evening, the Minister of Finance, in concluding his remarks on the Budget, said, "Fairness, compassion, building for the future: that is what this Budget is all about." Madam Speaker, nothing could be further from the truth.

Today's newspaper headline says, "Business, Wealthy, Targeted in the Budget." The problem is the government



missed the target. This NDP Government has brought in a Budget with the largest overall tax increase in the history of our province, and four out of five of every Manitoban who pays taxes in our province will pay more taxes as a result of this Budget.

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

Mr. Deputy Speaker, that's four out of five, and if you listen to the Minister of Finance, he'd have you believe that only the wealthy, only the upper-income people are going to pay more taxes as a result of this Budget. Well, I ask you, Mr. Deputy Speaker: How can it be that four out of five taxpaying Manitobans will pay more? Are they all wealthy? Are they all upper-income people? Is this Minister of Finance trying to tell us that only one out of five taxpayers is below the wealthy level in his consideration? That simply is not possible.

Indeed, hundreds of thousands of Manitoba taxpayers will be subject to the greatest collective mugging that has ever taken place in our province. In fact, the total overall increase in taxation this year, in this Budget, \$368 million or a 19.5 percent increase in taxation, has probably never happened in our province, in any province, in our country in peacetime. It's outrageous, and I predict that it will be the death knell of this New Democratic administration.

Members opposite on the government benches are sitting back smugly, believing that they'll get away with all the rhetoric that was in this Budget - the rhetoric about fairer taxation, about taxation reform, about compassion and help for our low-income earners - but when the smoke clears and the cold light of dawn shines upon this Budget, and people begin to realize just how much this Budget will steal from their pay cheques, just how much it will cost them to pay for the legacy of mismanagement of five years of this New Democratic administration, they will say never again, never again, because this Budget will cost hundreds of thousands of Manitoba taxpayers a great deal of money.

Mr. Deputy Speaker, they're the teachers, they're the nurses, they're the machinists, they're the firemen. Mr. Deputy Speaker, they're your constituents, probably some who have supported you in the past. They're our constituents, Mr. Deputy Speaker, the people who work at Manitoba Rolling Mills, at Bristol Aerospace, at Versatile, the cashiers at SuperValu, the policemen, the civil servants, the farmer. They're all of our constituents and they will all pay more, those 400,000 Manitobans who are caught in the net of increased taxation of a result of the policies of this Minister of Finance and this NDP Government.

They'll all pay more through a wide variety of measures that are in this Budget; through sales tax, both the increase of 1 percent and the widening of the net, so that now it will include take-home foods. I recall the response of some New Democrat members when the federal Budget came in and they said, wasn't this a tragedy that the federal Budget was now touching junk food. Well now they're taxing take-home food, take-home meals from restaurants.

Computer software, insulation materials, they'll pay more through the increased costs that are going to have to be put through for Highways and Transportation, in licence fees and charges. Diesel fuel tax, taxes on

cigarettes and liquor; increased income tax through the payroll tax as well, the average Manitoban will pay more.

Because make no mistake, the payroll tax may be applied on businesses, but it falls upon the people of Manitoba, because if the businesses in which they're employed are competitive outside the province and have to keep their costs down, it means that their incomes will be reduced as a result of the application of the payroll tax. And if, in fact, the business can pass it along, then it will be paid by the consumers of that business, so ordinary Manitobans, average individual Manitobans will pay more as a result of the increase in the payroll tax.

The Minister last evening said, and I quote: "This Budget looks to the future. It puts in place our commitment to fairness and equity for all." How is it fairness or equity, Mr. Deputy Speaker, when four out of five taxpaying Manitobans will have to pay more taxes as a result of this Budget?

Let's take a look at what it will mean to a school teacher or a fireman or a policeman with a family of four. An increase in income tax of over \$500 a year and a family increase in sales tax of \$400, because that's what the increase in sales tax works out to, it's \$100 for every person in this province. So we're talking about almost \$1,000 for these people, who I know members opposite and most Manitobans regard as ordinary Manitobans; people who work as firemen, people who work as policemen, people who work as school teachers, and many others that I mentioned earlier, Mr. Deputy Speaker.

Although the Budget says that low-income earners will pay less income tax, I believe that even they will overall pay more taxes when the smoke clears, because they'll be paying more through their sales tax, more through taxes on tobacco, more through increased fees, more through increased hydro rates - all of that as a result of this Budget, Mr. Deputy Speaker, and it was very carefully hidden, very carefully couched in doublespeak, so that people didn't obviously realize the results early on.

I spoke to a very knowledgeable chartered accountant this morning, who oftentimes is called upon to comment on Budgets each year. He has been on the media and has commented on Budgets; and he said that listening to the Budget presentation, he actually had no appreciation for how much, in the way of an increase, this would provide for the people of Manitoba; the people who he saw day in and day out, people whose income tax returns he, from time to time, dealt with. He had no idea of the magnitude of the increases that were being imposed upon individual Manitobans as a result of this Budget.

Every working Manitoban will end up paying more in one form or another, I predict, Mr. Deputy Speaker. Everyone will share the misery of paying for the NDP's mistakes of the past five years. That's socialism at its worst, an equal sharing of misery.

But look at the effect it'll have on farmers. They are in massive difficulty, no question about it; facing a terribly uncertain future, and if the members opposite don't appreciate that, I'll quote their own Premier on the subject. And it was speaking about a so-called "fiery address" that the Premier had made in Montreal, telling the Federal Government that they ought to spend

more money on agriculture -(Interjection)- and his speech, as I understand it, led to delegates unanimously passing a resolution, calling for the NDP to commit itself to instituting a cash-income support for farmers, a debt-adjustment program and community-based support groups. He called on the government to help preserve the family farm.

In part of his discussion, the Premier said that the plight of the western farmer was the most crucial issue in Canada today. I quote: he said, "Farmers are facing the worst potential crisis since the 1930's." That's what he said just last weekend and what did he do for the farmers in this Budget? - \$14 million additional support for agriculture in Manitoba, \$14 million. Mr. Deputy Speaker, that works out to between \$400 and \$500 of relief for the average farmer in Manitoba.

The Federal Government - to show you where the responsibility lies in this shared responsibility, agriculture is a shared responsibility between the Federal Government and the provinces - the Federal Government will put in over \$500 million to Manitoba agriculture this year alone, not including the removal of the federal tax on gasoline, not including that. That's \$18,000 per farmer and it probably still won't be enough, but this administration has the audacity to go to Montreal and preach support for the farmers and come back here and give the farmers \$14 million additional support, less than \$500 apiece.

If Manitoba's NDP are to be the example of commitment to agriculture, then God help us, Mr. Deputy Speaker, because farmers cannot survive with the kind of commitment the NDP are willing to give to them.

For the Minister of Finance, who I know is going to turn to me in his next opportunity to speak and say, would we do more? - I say yes. I said, in a news conference I had just 10 days ago, that we would do more for the farmers and I'll tell him where we would take the money from, because he'll ask that, Mr. Deputy Speaker. We would take it from the Jobs Fund, because the Jobs Fund was set up at a time when our economy was in dire straits, when our economy presumably needed a kick-start from the government, needed an influx of capital so that jobs would be protected and created in Manitoba. Well the jobs that need to be protected in Manitoba today are the farmers' jobs, because they stand to lose their jobs. But no, not from this administration. The only commitment they get from this administration and our Premier is an empty commitment of words, rhetoric in Montreal; rhetoric in Montreal and no action in Manitoba. That's what we get from this NDP Premier.

Mr. Deputy Speaker, it's sheer hypocrisy. It's sheer hypocrisy on his part and it's just as gutless as the comments that he made about the CF-18, allowing the CF-18 resolution to be taken off the agenda in Montreal in favour of what he called unity of the party, caving into Quebec; just as gutless as he was when, in Quebec, he allowed them to pass a resolution to give them a veto on constitutional matters and he came back to Manitoba and said no.

Well, Mr. Deputy Speaker, we've talked about our farmers. What about our young people, our young couples who work as cashiers, as technicians, as schoolteachers, as civil servants? This Budget will take a major grab from their pockets. In fact, one of these

young people said to me last evening, the only way he will now be able to afford a house in Manitoba is if he wins a lottery because lottery revenues still come in above line 224 in the Budget, that net income line below which, of course, we're going to be paying 2 percent of additional tax on our income.

Members of the government don't obviously believe what I'm saying. They don't believe that this Budget is going to have such a major impact on ordinary Manitobans, the grab that it's going to take from them.

Let's look at the increases to be paid by individuals in Manitoba contained in this Budget. Individual income tax is up \$161 million additional revenue in individual income tax. The retail sales tax will have an increased revenue of \$125 million as a result of this Budget. That's a total of \$286 million, Mr. Deputy Speaker, and there are approximately 400,000 taxpaying people who will experience an increase as a result of having to pay this \$286 million in additional income in this Budget.

The average increase for income tax alone, if you just simply averaged it out as a result of this \$286 million being spread over these 400,000 people would be something in the range of \$700.00. That's the kind of increase that would result in.

Mr. Deputy Speaker, we already had the highest personal income tax rate in the country before this Budget and its provisions because of our surtax from previous Budgets. We already had the second highest overall taxation effort in the country and now we're worse. They are proud of the fact that we are leading the country, but we're leading the country in taxation and robbing income from the people of Manitoba. That's what we're leading the country in. As I said earlier, the total revenue from taxation is up 19.5 percent; individual income tax is up 22.4 percent; and the retail sales tax income will be up 26.9 percent this year as a result of this Budget. These massive increases, the like of which the province has never seen, are directly being placed on the people of this province. They're not imposed on corporations. I haven't talked about the imposition on corporations yet.

The Minister of Finance, in my view, like his Premier in Montreal, has totally misled the public. His tax reform is nothing but smoke and mirrors. He has the audacity to criticize the Federal Government about the way in which they impose taxes on people, but look where his massive increases come from: sales tax, \$125 million paid by the people of this province; personal income tax, \$161 million more, paid by the people of this province. The individual Manitoba taxpayer bears a greater share of the tax load after this Budget than before and anyone who tries to tell you any differently is lying, Mr. Deputy Speaker, is lying.

The most incredible part of this whole effort is that despite the massive increase in tax revenues, that \$368 million that I spoke of, it still leaves the deficit at \$415 million. Why? Because for the past five years, this NDP Government has increased its spending at twice the rate of inflation which is how we got into this financial mess in the first place. This year's expenditure increases are again twice the projected rate of inflation for our province. We still have a perilously high deficit. So in order for the NDP to maintain this course, Manitobans will not only have to swallow these massive tax increases, but they'll have to brace themselves for more next year because they still have the deficit well over

\$400 million and they have taken almost all of the increased revenue and placed it into increased spending.

In fact, there appears to be no indication that this administration is prepared to tackle the waste and mismanagement under its very nose. In fact, the Budget Speech implies that the Minister and his government are satisfied that their expenditures and their priorities in the past have been wise and well-managed. That, Mr. Deputy Speaker, will not be believed by Manitobans. Having witnessed MTX, having witnessed Flyer Industries, having witnessed Manfor, having heard today of the \$58 million loss in MPIC -(Interjection)- knowing the bloated bureaucracy which was increased 60 percent in size in the first three years of this administration, knowing about the addition of over 100 political support staff, the apple polishers that the Minister of Urban Affairs referred to when he was the head of MGEA, half of whom sit in the gallery every question period - the galleries are full of apple polishers who are there interested to see what their Ministers are doing, whether they remember their lines, whether they've written out the questions properly for the fools in the back rows, Mr. Deputy Speaker.

That's what they sit up there paid to do by the people of Manitoba. None of them disappear as a result of this Budget. Not one will lose his job, not one will result in a lower income in lower costs for the people of Manitoba.-(Interjection)- Because the people of Manitoba know as well that there is advertising in this Budget. There are public relations costs and they know that there is polling in this Budget, polling that costs a fortune to the taxpayer of Manitoba. They know that this government could trim the fat. They know that this government could find some non-essential programs in many departments, but this Minister and his government have not learned from five years of experience in government.

In fact, Mr. Deputy Speaker, the financial policy of this government reminds me of Christopher Columbus' voyage.-(Interjection)- Mr. Deputy Speaker, we're hearing from the nerd-wing of the NDP party, the Member for Inkster. He's the one who, when he debates resolutions at the party's annual meeting, is told that he's making a fool of the party, that he's making the entire party look foolish by the resolutions he brings forward. Now, he's standing there heckling me.

**SOME HONOURABLE MEMBERS:** Oh, oh!

**A MEMBER:** A little order in the House.

**MR. G. FILMON:** Mr. Deputy Speaker, the financial policy of this government reminds me of Christopher Columbus' voyage. When he set out, he didn't know where he was going; when he got there, he didn't know where he was; when he got back, he didn't know where he'd been. It was all financed on foreign money.

If you needed any example of the confused policy of this administration from Budget to Budget, Mr. Deputy Speaker, I'd just remind you that in last year's Budget, they increased water rental rates for Manitoba Hydro by 68 percent. In this year's Budget, they've decreased water rental rates for Manitoba Hydro by 24 percent. Now, that's sound fiscal planning from one

year to the next. That's a long-term policy view, Mr. Deputy Speaker.

As well, in previous Budgets under this administration they have provided incentives for energy conservation. They've provided a whole series and range of incentives. In this year's Budget, they apply the sales tax, 7 percent, to insulation and energy conservation materials. So they've turned back the clock and they're now into an entirely different mode and the policy is totally the opposite to what it's been for the last few years.

Mr. Deputy Speaker, getting back to the central problem of the Budget, I repeat that the increased tax revenue is not coming from where the Minister of Finance suggests it is. He claims that it's coming from big business and the wealthy, and I've shown you that it is simply not true. The fact is it's the average Manitoban who will be paying the price of their five-and-a-half years of mismanagement, waste and incompetence.

The Minister says he will make business pay a fairer share. Well, let's examine that little statement. True, they're taking the biggest bite in this Budget in income taxes - \$156 million more in 1987 than in 1986 - but those increased income taxes are not coming from business. It's the people of Manitoba who'll be paying \$160 million more in 1987, and business will actually be paying \$4 million less in income tax this year than last year. So much for fairness and tax reform, Mr. Deputy Speaker.

The next biggest increase came in the retail sales tax. What have the NDP told us about the sales tax in the past? They said it's regressive, they said it's unfair, they said that it places the burden of taxation on the backs of working Manitobans, and they increased the sales tax again. They increased the sales tax again - \$125 million more revenue in 1987 - a 26.9 percent increase that will be felt by every Manitoban everyday of every year.

The third major tax grab of this NDP administration is a 50 percent increase in the payroll tax. No other single measure taken by this government so clearly demonstrates their failure to understand the needs of the people of this province. They said in the Budget that the No. 1 concern and the No. 1 need of the people of Manitoba is jobs.

In past Budgets, the government has acknowledged putting Manitobans to work must be a priority; yet in this Budget they have increased by \$61.3 million the penalty that they levy against those who would create jobs and allow more Manitobans to contribute to our province and work.

So who is paying for the past mistakes of this NDP administration? The people of Manitoba. Where is the money coming from? It's coming out of their pay cheques in income tax and in lost opportunities in the payroll tax.

Let's talk about fairness, Mr. Deputy Speaker. When the NDP talk about fairness, they like to compare themselves to the Federal Government, but they stand convicted by their own statistics when it comes to increased personal income tax. The tables are right in the Budget, Mr. Deputy Speaker.

It has taken the past six years of federal income tax changes to increase the cost on the average Manitoba household by \$506 a year - that's over six years that increase has taken place. In one year, Manitoba has

raised personal tax loads on households in Manitoba by \$369 in just this one Budget. So in one year, the increased tax that they've put on the average Manitoba household has increased by 72 percent of the entire six years of federal Budgets.

And they complain every time the Federal Government puts an increase on the people of this province. It's right here, and they're convicted by the figures in their own Budget, Mr. Deputy Speaker.

It seems difficult to believe that just a year ago today we were all on the campaign trail. I think many members here will remember the promise-a-day program that the Premier put forward. All of those promises about riverbank renewal, rural development fund, the small business bond, the Home Renovation Loan Program - (Interjection)- Mr. Deputy Speaker, the Member for Thompson wants to interject. The Member for Thompson - the veteran backbencher from Thompson, I should say - he's the one who has taken patience from being a virtue to being an excuse for incompetence because he was quoted during the NDP Convention as saying that he's not concerned that he still hasn't made it to the Cabinet. He said, and I quote: "I'm a patient man." He's going to have to be very patient because he'll be in the back benches as long as he's in this Legislature.

Mr. Deputy Speaker, the Member for Ellice wants to interject. The Member for Ellice is no longer the whip of the party because the Premier found that he couldn't count.

Mr. Deputy Speaker, the Premier made all those promises to the people of Manitoba. But among those promises, did he tell them that the telephone rates would go up, that Autopac rates would go up, that licence fees would go up, that he would raise every single tax and levy he could get his hands on? Why not, Mr. Deputy Speaker?

Does the Premier really believe that the people will accept that they didn't know the financial circumstances in which this province was? Does he really want the people to believe that they were so incompetent that they had no idea a year down the road what financial difficulties they were in as a result of their mismanagement? Does he believe that the people would say that this is all a surprise, that the government had no idea that they would have to increase taxes, \$368 million, in this Budget? I don't believe that, Mr. Deputy Speaker.

This Budget has shown Manitobans that beyond a shadow of a doubt, they were misled during the election campaign, and they are misled every time the Premier speaks. Every time the Premier speaks, he deceives the people of Manitoba. They're so desperate to hang onto government, their one last toehold of power in this country, that they're willing to say anything anytime regardless of the truth. We saw a bit of it this past weekend, we saw it in the Throne Speech, and we see it in the Budget, Mr. Deputy Speaker.

What we have witnessed is a fraud. It's a fraud; an out-and-out perpetration of the greatest fraud that this province has ever seen in terms of the comparison of what they promised and what they delivered in last year's Session and in this year's Budget, Mr. Deputy Speaker. It's on such a massive scale that I don't think most people can really understand how badly they have been deceived by this administration.

The first signs came to light immediately after last year's election: the delay in releasing the details of the Third Quarter Financial Statement; the delay in consummating the sale of Flyer Industries; the change in Manfor's year-end; MTX; the SRTC scam; all of those things that magically came out after the election, Mr. Deputy Speaker.

The Provincial Auditor shed more light on the scandal, the waste and the mismanagement when he described how this provincial administration had understated its deficit by \$117 million in the last two fiscal years. The sorry record of scandal and incompetence throughout the period of the term of this government has been shown for all to see during the past year. But if we had any doubts about the nature of this government, any doubt after last year's fiasco, this Budget has put them to rest.

Another important aspect of the Budget is the manner in which the Minister of Finance addressed deficit reduction. He was obviously cowed by the financial markets and by the bond rating agencies into doing something that he fundamentally in principle disagrees with - reducing the deficit. But after Manitoba's credit rating was reduced for the third time under this NDP administration last year, he's now on bended knee to the bondholders in Zurich, London and Tokyo and to the credit rating agencies in New York, grovelling to avoid another drop in credit rating. Why?

Well, for the past three years, he and his predecessor have said that they weren't worried about the reduction in our credit rating. They said they could borrow in other markets. Instead of paying more to borrow on the North American market, they'd show those bond-rating agencies, and instead, they'd borrow offshore. As a result, we have the largest per capita foreign debt liability in the country and the highest proportion of our debt in foreign borrowing. In fact, we're the only province in the country whose foreign debt exceeds its Canadian debt.

Then we were put into double jeopardy by this bright policy of ignoring North American markets and going offshore in foreign currencies. We were put in double jeopardy, Mr. Deputy Speaker, by the fact that now we're absorbing massive foreign exchange losses. You heard about it, \$19 million in MTS last year; \$80 million in Manitoba Hydro last year; hundreds of millions of dollars in the direct government debt, losses due to foreign exchange.

So the Minister is now back after learning ruefully about the problems of foreign borrowing, he's back, cap in hand, to the North American markets, reluctantly reducing his deficit. How does he do it? Does he attempt to trim the programs, the ones with all the bureaucracy, the green and white sign brigade, the image makers, the apple polishers? No, he raises \$368 million of additional taxes and spends most of it. That's deficit reduction, NDP style.

I spoke during the Throne Speech, Mr. Deputy Speaker, about the government's priorities. Are they health, are they education, are they community services, are they agriculture, or are they day care? No, absolutely not. According to Statistics Canada, between 1981 and 1985, the only two areas of this government's spending that received a greater share of total expenditures were debt-service charges, which are again up in this Budget. In fact if you add in Manitoba Properties Inc., it's almost

Tuesday, 17 March, 1987

\$500 million in debt-service charges. That's up from \$100 million in 1981, and general administration, that has received a greater share of the expenditure pie from this administration. What does that general administration include? Of course, it's the bloated senior bureaucracy, the apple polishers, the PR people, the political support staff, polling, advertising, all those things are the NDP's real priorities. What a shame, what a shame, Mr. Deputy Speaker.

What else should we be concerned about in this Budget? Well it continues the perception that this is an anti-business regime and it's a perception that is accepted by people who are in the business community, people who invest everywhere in this country. The Canadian Federation of Independent Business, the Canadian Manufacturers' Association, all of those people, the Chambers of Commerce, the people who make decisions as to whether or not they'll invest and create jobs in this province, they will continue, after this Budget, to believe that this is the most anti-business regime in the country.

The payroll tax increase is a direct tax on jobs. We're still - the Minister continues to imply by his rhetoric in the Budget that businesses are not paying their fair share and will, in fact, be targeted to pay more in future. What a negative signal to send out to potential investors.

When I heard some observers say that this Budget would be good for labour, I thought they must be crazy. They had to be crazy to say that this Budget was good for labour, because a healthy labour market needs new jobs. It needs new investment in the economy in order for there to be work for the people that we are training, the people who are growing up with an expectation of contributing to society. But, in fact, these increases that have been put through in payroll tax, and the way in which the Minister, worse still, talks about business not sharing, not accepting its fair share of the load, that implied threat of more to come in future will frighten off many potential investors, and our labour force will be in jeopardy of their jobs, Mr. Deputy Speaker.

This Budget is a classic exercise in doublespeak. For instance, let's take a look at what it says on page 37. It says, "This Budget provides personal income tax reductions to more than 100,000 Manitobans," but, Mr. Deputy Speaker, the truth is that it will provide an increase in personal tax to 400,000 Manitobans. That isn't here in the Budget Speech.

It further says, "This Budget eliminates the levy for health and post-secondary education for an additional 3,700 small business employers, but it doesn't say that it will force 8,800 to pay 50 percent more - more than twice as many of them will have a 50 percent increase in their payroll tax, but this Budget doesn't say that.

Mr. Deputy Speaker, it reminds me of what's called "Edited Hirohito." Here you have it. The opening sentence of the original draft of Emperor Hirohito's 1945 surrender broadcast to the Japanese people was supposed to say, "Japan has lost the war," but after the bureaucrats got hold of it and redrafted it, it came out, "The war situation has developed not necessarily to Japan's advantage." That's "Edited Hirohito," Mr. Deputy Speaker, and that's what we hear from this Minister who, instead of telling 400,000 Manitobans that their taxes are going up, tells us that 100,000 will not pay more; who instead of telling 8,800 employers that their payroll tax will go up 50 percent, tells us that

some will be taken off the payroll tax. That's the kind of "Edited Hirohito" message we get from this Minister of Finance and from his Premier constantly.

When the Premier is in Quebec, he tells them or he goes along with the decision of his party to give a veto to Quebec. When he comes back to Manitoba, he says, no. In Manitoba, he says he's outraged about the CF-18 and he condemns the Federal Government and when he goes to Montreal, he allows them to take that resolution off the Order Paper, even though it was put forward by his own constituency association, and he ducks the issue. He ducks the issue!

When it comes, Mr. Deputy Speaker, to talking to the people about education support before the election, he tells them that there's going to be 90 percent provincial support for education; and when it's after the election, he says, that was only a hope. That's "Edited Hirohito," Howard Pawley style, Mr. Deputy Speaker.

Time after time after time, we, as Conservatives, have been told that the average Manitoban does not understand or care about deficits. Even when we expressed our current debt load in Manitoba as \$9,000 for every man, woman and child, that's twice what it was in 1981. In other words, it has taken this NDP Government, Mr. Deputy Speaker, five-and-one-half years to build up as much debt as had been accumulated in the first 111 years of our province's history. But people still don't seem to understand how serious that is, how great a condemnation that is of the financial policies of this government. But I believe, Mr. Deputy Speaker, that when 400,000 taxpaying Manitobans realize that they will have to pay substantially more to live here next year; in fact, over \$700 each on average just to cover the increases in income tax and retail sales tax, they will understand. They will understand that money coming directly out of their pocket and they will understand that better than they understand \$9,000 debt per capita.

This Budget will be indelibly imprinted on people's minds. All of what I've been speaking of, Mr. Deputy Speaker, doesn't even include the increases in every licence and fee and charge that this NDP Government now imposes. Autopac up between 9 and 30 percent this year alone and far more required to cover that \$58 million loss that was just revealed today. Manitoba Telephone System up 11.5 percent this year alone and far more required to cover the foreign exchange losses and MTX which was just taken out of reserve this year and will have to be replenished in future years. Manitoba Hydro up 9.5 percent, almost \$60 per customer. Workers Compensation up 20 percent. Cottage lots and trailer fees up 30 percent. Highway licences and fees that still haven't been announced, Mr. Deputy Speaker. The land transfer tax that I know is going to be spoken of more by my colleagues. The payroll tax up 50 percent. Cigarettes, liquor, every single possible charge, all of that is over and above that massive increase that I talked about that will result in 400,000 Manitobans paying an average of \$700 more in taxes on a personal basis this coming year.

The legacy of waste, mismanagement and misdirected priorities will finally be understood, I believe, because everyone will have to dip into their pockets to pay for the NDP squandering, deceit and wrong-headed priorities of the past 5.5 years.

We have, Mr. Deputy Speaker, the worst of all worlds. Spending out of control, \$500 million a year in interest that can't go to health care, that can't go to day care, that can't go to highways, that can't go to agriculture, because it's going to the bond holders in Zurich, to the bond holders in Tokyo, to the bond holders in New York.

A \$415 million deficit, the largest increases in taxes in Manitoba's history and the second highest overall taxation effort in the country. All of that has come home to roost in this NDP Budget.

(Madam Speaker in the Chair.)

I believe that finally this administration has gone too far. Finally, they have opened the floodgates and they will not be able to hold back the tide of public opinion that will swallow them up and will defeat them, Madam Speaker, will defeat them.

And so, Madam Speaker, I move, seconded by the Member for Pembina, that the motion be amended by deleting all the words after "House" and substituting therefor the following:

"Regrets that in presenting its Budget the government

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

**MOTION presented.**

**MADAM SPEAKER:** The Honourable Minister of Labour.

**HON. A. MACKLING:** Madam Speaker, I will refrain from replying in kind to insults from the other side. I choose rather, Madam Speaker, to address the real issues of average people in Manitoba. I do, however, have to concern myself . . .

**SOME HONOURABLE MEMBERS:** Oh, oh!

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

The Honourable Minister of Labour has the floor. All members will have an opportunity to participate in the debate if they so wish.

**HON. A. MACKLING:** Madam Speaker, the honourable members opposite, through their leader, have indicated just where they are. They are lost and they are losers.

**SOME HONOURABLE MEMBERS:** Oh, oh!

**MADAM SPEAKER:** Order please.

The Honourable Minister of Labour has the floor.

**HON. A. MACKLING:** Madam Speaker, obviously the members opposite are somewhat uncomfortable. They

are uncomfortable due to a number of very significant facts. Their leader, their keynote speaker on the Budget, has laboured long and delivered a mouse.

Madam Speaker, talking about the imagery that the honourable member used, think about it. He talked about Columbus and he talked about Hirohito and he tried to focus concerns about those two people and focused them somehow on us.

Really, wasn't he talking about himself and his party at certain stages? Poor Columbus who was lost at sea for a time, lost at sea. And I think that the Honourable Leader of the Opposition was lost himself. Lost, not only as a leader but lost in assessing what a responsible government has done in a difficult time to cope in fairness with the fiscal requirements of this province. He was lost.

But then he focuses on Emperor Hirohito who lost a war. The Honourable Leader of the Opposition is fascinated with losing. He will continue to lose with the kind of speech he delivered here this afternoon.

He and his colleagues, day in and day out, year in and year out, talk about this government not providing the needs of Manitobans. The Honourable Member for Kirkfield Park, I heard her earlier on this afternoon when she was listening to an answer given by the Honourable Minister of Finance and she was saying spend, spend, spend. Now, Madam Speaker, she is saying tax, tax, tax.

Well, the Honourable Member for Kirkfield Park and all of those members opposite, you know, they can do it both ways. They can spend without concern and they can tax without concern, apparently, because they tax my imagination as to how, as they indicated in the election campaign, just one year ago, that they were going to spend their way into office, they were going to increase social services. You remember the last two weeks of the campaign, they had at least \$200 million additional money they were going to put into social services. But, Madam Speaker, what were they going to do with the deficit? They were going to slash the deficit.

Well, maybe the Honourable Member for Kirkfield Park, when she speaks later on in this debate, can tell us, what departmental spending she will cut. Will it be in day care? Will it be in hospitals? Will it be in education? Will it be in social services? Will it be in the Department of Natural Resources?

We know that they say that there is some apple polishers, there is some communications people they would fire. All right. Let's say that that's what they would do the next day they were in office. They would fire 15, or 20 or 30 people. Okay. That's a good beginning they would say. That's a good beginning. But where are they going to find the \$150, \$200, \$300 million that they talk about to reduce the deficit in the manner that they suggest? Where are they going to find the \$200 million to preserve our hospital, our education and our social programming? They will have an opportunity, Madam Speaker, in the coming weeks, to document department by department, where they will make those cuts.

I asked the media during the course of the estimate process to keep a running balance sheet. I asked the honourable members opposite to do the same, and when they are making their remarks before a committee, urging a Minister to provide more assistance for roads,

more assistance for drains, more assistance for specific programs in their constituency, to keep a balance sheet, too. And we will find, Madam Speaker, that at the end of the estimate process, if we had listened to the constructive advice of members opposite, we'd be spending many, many more millions of dollars on various programs in Manitoba.

Madam Speaker, as honourable colleagues on this side of the House have said very eloquently, they really can't have it both ways. They can't say that we are spending too much, we have too large a deficit, and then say we are spending too little. We are deserting the just needs of the people of Manitoba.

Madam Speaker, even in opposition, a responsible political party cannot say those two things because the people will not believe them.

Madam Speaker, we did not say that, in overnight after being elected to power, we were going to change everything in Manitoba. We said that these were our policies and we set out on a course to deliver on those programs. And we shall.

Madam Speaker, it doesn't give me a great deal of pleasure to listen to the speech of the Honourable Leader of the Opposition and to reflect on the complete negativism in his speech. Surely he could have found something in that Budget with which he agreed. Apparently there was nothing. Surely he could have had in mind the many thousands of people in Manitoba who will be paying less taxes as a result of that Budget. Surely he could of said, well at least that I agree with. He didn't say that.

He had no answers. He had stories about explorers and emperors. He didn't even spend much time in respect to the farmers of Manitoba and I will say much more about farmers in a moment.

He talked about the sales tax and how terrible it was. Madam Speaker, our sales tax isn't the highest in the country. It is much higher in Conservative Governments elsewhere. But, Madam Speaker, this member has not said that the sales tax is the most regressive, negative tax that we employ in society.

I don't hear honourable members opposite saying how frightfully unfair is the federal sales tax. 12 percent, which you don't see at the till when the costs are rung up. They are paid before by the manufacturer, by the wholesaler, by the distributor. That's a hidden tax. 12 percent, but no member of the opposition has said, my goodness, that's too high. That's our federal counterparts with that terrifically high tax. A tax which they have pushed up, Madam Speaker, in successive stages. I don't hear one word from the opposition benches in criticism of that very negative federal sales tax, Madam Speaker.

And so, Madam Speaker, when they show indignation about sales tax, let me say that we on this side of the House are more indignant about the kind of premium taxes there are employed in some jurisdictions. Some jurisdictions that boast of Conservative Governments in power, Madam Speaker. Taxes, which do not take into consideration the ability to pay in any way, shape or form. At least with sales taxes there are reasonable exemptions from the fundamental needs of Manitobans.

Madam Speaker, when the Honourable Leader of the Opposition talks about the levy, the health and most secondary education levy. Madam Speaker, those remaining companies that will be paying the levy will

charge that levy off as an expense. It's not something that will come directly out of their pockets. They will charge it off as an operating expense. What would we have us do, institute premium taxes so everyone could contribute to the costs of the hospital and medical system we have in this province? That's the fair way they would like to go presumably.

We rejected that, Madam Speaker. We said that these larger corporations, including the Federal Government, who employ thousands of people in Manitoba, and who pay the health and education levy, have far greater ability to pay than the average Manitoban who had otherwise by that form of government, be paying a flat-rated hospital or medical premium.

And honourable members over there, they won't say it today, but you can be assured that if they were here in office, they would be looking at user fees because it's unfair that people shouldn't pay a user fee because after all shouldn't everyone pay something towards their hospital and medical care. We say those universal programs should be maintained and that everyone should pay through a fairly graded tax system.

Madam Speaker, of course then I move to the concern about the net tax, net income tax. Madam Speaker, I have spoken on this subject before. We have seen in this country successive Federal Governments, Liberal and Conservative that have continued the patchwork of loopholes and exemptions that riddle our present Income Tax Act that provide for so many exceptions, that it's the average Manitoban, average Canadian that bears the burden of the costs of programs in this country, not the corporations.

In the past I've put on the record, the millions, yea billions of dollars that are owed by corporations in Canada that will likely never be paid, deferred taxes. But no one in this House, no one, no average Manitoban, whether he be a fisherman or a farmer, can delay his taxes, defer his taxes. He can't do that, but the big corporations can, and have for many, many years.

Those big corporations that seem to be the fascination of members opposite and when the big corporations get into trouble, Madam Speaker, when the big banks get into trouble, well, the Honourable Member for Pembina doesn't like to recall that Conservative Governments bail out banks in this country.

**SOME HONOURABLE MEMBERS:** Oh, oh!

**HON. A. MACKLING:** The Honourable Member for Pembina doesn't want to be reminded of the fact that he was so fascinated with the Telephone System that he was anxious that that system launch its commercial activities in Saudia Arabia as quickly as possible.

Madam Speaker, the Honourable Member for Pembina and others about him will never criticize their federal Conservative colleagues for bailing out banks or bailing out the big oil companies. Madam Speaker, they will be deathly silent. So it is that . . . - (Interjection)- Well, Madam Speaker, the Honourable Member for Morris feels very uncomfortable. He will be far more uncomfortable in trying to defend his position during the course of this Budget, because he will have to ask himself - where will he get the money? And I'll be waiting to hear his specific answer, Madam Speaker.

Madam Speaker, this Budget has done what we have strived to do as Social Democrats. We're not trying to - we cannot reform the tax system in this country. The income tax is a federal tax, and I want to remind members that the Federal Government moved into that field only as a temporary measure for funding the war effort. They were going to get out of it right after the war. Well, they found it so useful to stay in that they've stayed in. But it is a tax for which the province has some jurisdiction, and thus it is that really when we insist on having some basis of a net tax that the Federal Government has acquiesced; and why we need a net tax is because of that plethora of exemptions, write-offs and allowances that Federal Conservative and Liberal Governments have allowed to exist in that tax system, a tax system that is being condemned by any fair-minded person in Canada, but you do not hear members opposite condemn that tax system.

The answer is obvious, Madam Speaker, they don't condemn it because their cousins and brothers and sisters of the Conservative party are in power in Ottawa. The kind of thing that they obviously support is a 500,000 capital gains exemption. I haven't heard a member opposite decry that exemption. - (Interjection) - Well, I hear someone say, "Oh, no, we haven't," and probably we never will, because they, like the Minister of Finance in Ottawa, say that there are not enough rich people in Canada. There should be far more rich people, and all of the initiatives that they have taken in respect to federal tax have been to reward the rich and punish the poor. That's the kind of government we've had in Ottawa.

Madam Speaker, I am surprised that during the course of the Honourable Leader of the Opposition's speech, he did not pay more attention or more concern to the efforts of this government to deal with and assist farmers in this province. We have not pretended that we have the answers or that we have the kind of treasury that can fight the huge treasuries of the United States of America and the European Economic Community in respect to grain subsidization. We have not contained our displeasure about a system where countries talk about freer trade, a free-trade atmosphere, a leveller playing field. When, in an area where there is free trade, they are wreaking havoc in world markets through giant subsidy programs, Madam Speaker.

Madam Speaker, one has to wonder whether or not this whole exercise in free trade is worth while. Madam Speaker, we have in the world no superabundance of grains, and I've talked about that in this House before. We know that in parts of the world, women, children and men go to sleep hungry with insufficient food. We know that there is a problem of distribution of wealth in the world and there's a problem of distribution of food in the world.

Madam Speaker, what governments, like the United States and the European Economic Community and, by its absence of activity, the Federal Government in Ottawa, are doing, is constraining grain producers to either give up, just leave the farm or try and convert somehow to other forms of activity, other forms of crop, other substitutions rather than grain. Where will that lead us, Madam Speaker? You know the chairman of the Wheat Board shows concern that farmers are not going to plant wheat.

Well, how can farmers plant wheat when they know that they're going to get less for the delivery of their

wheat than it costs them to produce? How can farmers be expected to continue to plant wheat under those circumstances? So what is the answer?

The answer surely doesn't lie in a Federal Government saying we can't do anything and only being bludgeoned and persuaded, prior to an election in Saskatchewan, to promise \$1 billion in subsidy, and then spread it over as long a period of time as they can; and when asked what about the '87 crop - well we don't know what we could do about that, because we can't compete with the treasuries in the United States and the European Economic Community.

Well what is to happen with western agriculture, Madam Speaker? What's to happen to those many countless thousands of farmers who have lived and produced grain in Western Canada for decades? What are they to do? Ottawa is providing no answers. I haven't heard members opposite provide any constructive answers.

What I have heard is that when I've spoken in respect to my concerns about the dominance of chemical companies, as well as their relationship to the needs of farmers, I hear silence opposite. I know that one of the largest cost inputs for farmers are chemicals. We know that those same companies that are today, and have successfully persuaded their cousins and brothers in Ottawa to provide greater patent protection, those same companies enjoy the ultimate in patent protection in respect to farm chemicals.

The Honourable Member for Morris will tell you that at last Treflan has outrun its patent and some Manitoba farmers have finally been able to get a generic or an equivalent marketed. But for all of that time, for 21 years at least, the farmers of Manitoba have been held up for ransom for that chemical, and what the Economic Council of Canada said in 1971 is that this country should not be held up for ransom for intellectual property. We should pay reasonable royalties, but we should manufacture the necessary components of anything we need in this country.

The honourable members might want to reflect and think about what at least one of their kissing cousins, Grant Devine, the Premier of Saskatchewan, said, that they're going to defy the chemical companies. Why don't some of the members opposite say: Yes, that's a good idea, let's stand up for Manitobans. Let's defy these giant chemical companies of the United States, and require that there be manufacturing in this country. Yes, pay royalties. We won't call ourselves scavengers or pirates when we pay royalties, but we will produce chemicals in this country, in this province, so that the farmers of this province can get needed chemicals at reasonable cost.

Madam Speaker, we need an alternative to this drift in Ottawa in respect to grains. I don't see anything happening. The chairman of the Wheat Board doesn't know what to do. The federal Tory caucus apparently for Manitoba doesn't know what to do. I can give the honourable members opposite some constructive suggestions. I doubt very much whether they will convey these suggestions to their counterparts, but I'll give them to them anyway.

Madam Speaker, I think that they could say to Mr. Epp and Mr. Mayer, you know, we are spending, as a nation, about \$10 billion a year to protect Canadians from we don't know what - sometimes we call our



northern neighbour an enemy. The Minister of External Affairs sometimes refers to them as an enemy. But, you know, we like to sell our grain to that big country, and sometimes when they have a crop disaster, when they don't have enough grain to feed their people, we sell them grain. We'd like to continue to do that.

Maybe they should tell the Minister of External Affairs not to label nations enemies that trade with us, that pay cash and buy western Canadian grain, and try to sell some manufactured product back in Western Canada. Maybe we shouldn't be insulting those people all the time. Maybe we shouldn't be spending those multimillions of dollars in the North to protect the United States of America from the early onslaught from that enemy, that enemy that has recently said: "Look," and they said, and Gorbachev said this at Reykjavik, "let's stop this madness, let's scrap nuclear weapons throughout the world." But the President of the United States was not prepared for that; he went back and said, "Well, you know, sorry, we can't do that." Because the military, industrial complex of the United States says that you can't do that; you're going to put millions of people out of work overnight if you start talking about peace like that. Don't do that.

So we've got to go on with this continued buildup of arms throughout the world. I say to you, Madam Speaker, and I say to the honourable members opposite, just once maybe a Canadian government could say - look, we're not going to change, we're not going to change the world armament structure overnight, but we're going to protect our farmers in Canada and our towns in Western Canada, our Melitas our Beausejours, our Rossburns, our communities that are the foundation which is based on grain and agriculture. We're going to protect those people.

In this case, it's not from nuclear bombs, it's from the destruction of subsidy programs that are organized by bigger governments. How are we going to protect them? We're going to take a little bit of money away from armaments and protect our farmers and our farm communities. We'll defer ordering some of the tanks; we'll defer ordering some of the CF-18's; we don't need them all at once. We'll spread out the time frame a little longer for acquiring all that expensive hardware. Because, you know, we have on order 138 units, CF-18's. It's estimated they're going to cost \$4,963,000,000.00. Of course, that's just an estimate, probably cost a good deal more.

Apparently the Federal Government said we need a lot of new frigates. We've got to protect our farmers from the problem that we have on our coast. We're going to spend just about \$5 billion on new frigates. Couldn't we just frigate one aside? Couldn't we just leave a couple aside and defer them until we protect our farmers from oblivion - losing the land which their fathers and their forefathers tilled. Can't we protect our communities in Western Canada from this economic onslaught that we haven't created?

Madam Speaker, honourable members opposite can make light of what I say. I'm talking about the plight -(Interjection)- Well, I hear the Honourable Member for Emerson say we do. The Honourable Member for Emerson, by his unintelligent interruption, is putting on the formal record his disconcern for the plight of western farmers. Madam Speaker, I suggest that the honourable members think about that. Not that we say we're not

going to have any arms, we're not going to have any army, we're not going to have any defence, I'm not suggesting that; just suggesting that in their assessment of the priorities of this country, they say that our farmers, our farm communities come first. We are going to save them and protect them so that into the future there will be a need to have systems to continue to protect them where they are.

Madam Speaker, the logic of what I suggest I think is not difficult for members to appreciate. I trust that they will consider it. I also, Madam Speaker, suggest that in light of the fact that the Honourable Member for Emerson would be the first in this House to agree with me that there is no certainty of crop production in the world; that when there is drought and disaster in another part of the world, while western Canadian farmers don't rub their hands in glee, because they don't like to see another part of the world suffer a disaster, they know that provides an economic opportunity for the sale of our grain.

Madam Speaker, western Canadian farmers do not pray at night for disasters elsewhere in the world. They come, despite the prayers of people - drought, pestilence, earthquakes, flood, volcanoes - even the volcanic interruptions of members opposite do not dissuade me from this argument. Madam Speaker, this world is not immune from the natural calamities which can trip the scale of whether or not we, in this world, have enough food or insufficient food.

Madam Speaker, we know that many, many years ago, when at the conclusion of the Second World War, international leaders sat down; they talked about the need for some fairness in regulating and providing for the supply of grain and food throughout the world. When they fashioned the United Nations, they fashioned the Food and Agricultural Organization, and they talked about developing a world food bank, to provide a guarantee that no nation in the world would go without food, despite natural calamity.

Madam Speaker, I regret to say that that food bank has not been established to this day. If our Federal Government would seize the opportunity today and say -(Interjection)- Madam Speaker, the Honourable Member for Brandon West seems to be lost again and, like his leader, will continue to be lost if he continues to interject and try to indicate that what I'm putting on the record is not in the interests of western Canadian farmers.

Madam Speaker, the Federal Government in Ottawa -(Interjection)- I will disregard the irrelevant interjections opposite - has an opportunity to say to the world, we, in Canada, one of the subscribers to the United Nations document, will show that we are prepared to establish our portion of a world food bank. What would that mean, Madam Speaker? It would mean that a Canadian government would say that in Canada we will hold in reserve at least one year's supply of non-perishable foods like grain.

The Honourable Member for Morris says who will pay for it. Madam Speaker, rather than buying another frigate or another CF-18, or a couple or three or four of them, we will defer the purchase of that equipment and we will store grain in Western Canada.

What will this mean, Madam Speaker? It'll mean that farmers will be able to deliver grain. It'll mean that farmers will be paid an adequate price for their grain.

It will mean that instead of the elevator in Morris being torn down, there will be another elevator built because there'll be need for storage in Western Canada for another year's supply of grain. It will mean that this nation will play a responsible role in the world and take a leadership role, and saying rather than spending so much of our money on guns and weapons to destroy the world, we will invest in grain and food to save the world.

Madam Speaker, surely, that's not beyond the comprehension of members opposite; surely, it's not beyond the capacity of the Federal Government to take that kind of initiative rather than sit back and say, well, the United States and the European Economic Community are playing high stakes with grain and we can't do anything.

Madam Speaker, I suggest, with those kinds of initiatives, a Federal Government in Ottawa would demonstrate leadership in a troubled world; a world that sees far too much of its economic resources spun off into useless military hardware.

We have a fiscal problem in Canada. We have a Budget where a Federal Government has continued a very significant deficit. And they've said to the other parts of this country, look we have approximately a \$30 billion deficit, so we're going to have to cut off programs. You're going to have to pick up the costs of these programs because we can't afford to carry on this way.

A Federal Government that has the opportunity, has the basis for making major tax reform, for putting its fiscal house in order, for reducing its deficit, for providing a much more balanced fiscal approach in Canada, redressing the tax inequities that exist in Canada, and reducing the wasteful expenditure of billions and billions of dollars in useless armaments.—(Interjection)— Well, I'm sure the Honourable Member for Brandon West would be one of those that would stand up and cheer that, by goodness, we're spending \$55.6 million by 1988 to put new coloured uniforms on our Armed Forces. That's the kind of priority, I guess, that he would stand up and cheer for rather than taking those millions of dollars and spending them on Western Canadian agriculture.

Madam Speaker, the Honourable Leader of the Opposition has talked about waste and mismanagement. He will have an opportunity, personally, to attend the course of Estimates during their progress through the Legislature, and I will be endeavouring to keep track of the constructive advice that comes from the Leader of the Opposition as to where the millions of dollars would be cut in these programs which he says have waste and mismanagement.

Madam Speaker, I know members opposite have listened very carefully to what I've said. Their interjections have indicated how uncomfortable they are with a policy and with a leader who appears to be lost, with a Federal Government in Ottawa that doesn't have the courage or the—(Interjection)— conviction . . .

**MADAM SPEAKER:** Order please.

**HON. A. MACKLING:** Madam Speaker, I know honourable members find it very uncomfortable whenever someone reflects on the lack of fairness and

equity in this country, resultant from the policies of their cousins and sisters and brothers in Ottawa, but they do have an opportunity.

Madam Speaker, they have an opportunity to stand up in this House, as I invited them earlier, and say we disagree with the emancipation of the generic drug legislation in Canada; we disagree with the chemical companies of the United States being able to hold Manitoba and Canadian farmers to ransom; we disagree with the Federal Government in Ottawa that rubs their hands and says, oh, we pity the poor farmers, but we don't know what to do; the only thing we can do is tell them to carry on; oh, and we're going to set up a program where farmers who can't cope, we'll give them some transitional assistance. That's all their government cousins in Ottawa are prepared to do. They have an opportunity to stand up and say no to that kind of leadership in Ottawa and no to that kind of leadership by their leader in this House.

**MADAM SPEAKER:** The Honourable Member for Thompson.

**MR. S. ASHTON:** Thank you, Madam Speaker.

I appreciate the opportunity to once again participate in the debate on the Budget. I think it gives us all an opportunity to address not only the Budget itself but overall questions of economic policy, and I intend to do both in my remarks today.

Before doing so, Madam Speaker, I just want to make some comments on some of the general debate that we've seen in the House since we've returned to Session. I must say that I've appreciated some of the tone of debate. I think it set an example that other members might follow.

Unfortunately, however, there tends to be a continuing desire on some members to participate in what I consider a behaviour that is beneath this Legislature; namely, that of personal insults, name calling, and a behaviour that I think generally puts this Legislative Assembly into disrepute with many members of the public.

Madam Speaker, there is a place for exchanges of views in this Legislature, but there is no place for personal attacks, and I hope all members will follow by that. I thought, particularly, Madam Speaker, that the remarks made by the Leader of the Opposition were most inappropriate. He continues to resort to personal attacks and name calling when he's challenged on issues.

I would have no objection if he were to respond with responses which address the concerns raised by members of the Legislature, but we just saw earlier in his speech today that he chooses, on many occasions, not to do so. I hope that other members in his caucus, who do have some greater concern for the integrity of this Chamber, will advise the Leader of the Opposition that they, too, feel that his remarks and conduct are inappropriate.

You know, Madam Speaker, I'm often struck by how, if we allow ourselves, we can have good discussion in this Chamber, good debate. During the debate on the Throne Speech, I found many of the contributions by members opposite to be in the best of spirits, particularly when they were addressing matters relating to their constituency.

One finds, I think, sometimes that there's an affinity between members on either side of the Chamber when it comes to a number of matters. I know the Member for Emerson and I seem to have some affinity going back over the years. We have both been members whose political demise has been greatly exaggerated, Madam Speaker, and I would note that we have something of an affinity in that regard, but there's more of an affinity too in many of the constituency-related matters that I hear when members allow themselves to see through some of the partisan differences when we're dealing with matters at that level.

In my area, for example, Madam Speaker, one of the main concerns is the need to construct a senior citizens home. I would hope, Madam Speaker, that all members of this House would support that, including members of the Opposition, just as I would support the construction of needed facilities, the addition of needed programs, the maintenance of needed programs in their constituencies. There will be disagreements, Madam Speaker, but certainly there is area for common ground.

But what I've been struck with, Madam Speaker, all over the five years that I've been in this Chamber, is the way in which those similarities rapidly disappear when we start dealing with the questions of priority, which are basically involved with anything related to economic policy, and particularly in regard to the Budget.

What I want to do today, Madam Speaker, is address the question of priorities, the priorities of this government. I want to compare those priorities to the priorities of other provinces, particularly the two provinces that we share the prairie region with. I wish to compare it with the Federal Government and their priorities.

Then I wish to compare what we have said and done in this Budget with what the Tories, through their leader today have said, with what they said in the election and what they attempted to put across as being their particular policy approach here in Manitoba. I think we will see that there's an unfortunate tendency on the part of the Opposition to want to hide their priorities - and with good reason.

Let's look at the situation that we're faced with as a province today, the difficult choices that this government had to make in this Budget. Clearly, Madam Speaker, there was a difficult fiscal situation, and there were essentially three areas which were creating pressure on the fiscal capabilities of this province. One, as much as members of the Opposition can attempt to deny it, is the fact that we have been faced with declining transfer revenue from the Federal Government.

As a matter of fact, Madam Speaker, this year Manitoba's revenue from Ottawa will be down 3.2 percent at a time when Ottawa's revenue, its own revenue, overall revenue, will be increasing by 7.7 percent. That's a significant impact on our fiscal situation, Madam Speaker, because if we were to receive even the same percentage increase as overall federal revenues - the 7.7 percent - we would not have been faced with the difficult situation we're faced with today. We would not have had to increase revenues substantially as we did in the Budget yesterday. So let's recognize that fact, and recognize that, in addition to that, there are the finance costs which have to be

paid, costs which were incurred by and large during a period of recession, not only by this government but by the previous government, which led the country into that recession, led it by some several years because of its misguided economic policies and that, essentially, those finance costs were to maintain the economy of this province, maintain our infrastructure, maintain our health and social programs, and that they are a necessary cost that we should expect to be paying for those benefits we've received.

Let's face also the fact that the costs of our vital programs are increasing. The costs of our health care system is increasing because of demographics, other changes, other increases and needs, similarly with our education system, where there's increased needs in those particular areas. So there was fiscal pressure; there was clearly a difficult choice for this government to make.

There were other alternatives, let's face it, Madam Speaker, but let's look at what they would have been. This government could have slashed spending on health and education. It could have done that; it could have done nothing in the area of agriculture, an area of priority; nothing in the area of home care, child care. Instead however, it chose to prioritize health and education, to maintain those vital services - a 9.8 percent increase for health and a 5.9 percent increase for education, as well as increases in home care, child care and other important social services.

That is not to say there weren't some difficult decisions made in the Estimates process. In fact, if one nets out the finance costs, one will see that the actual percent increase of program expenditures is just over 5 percent, certainly well within the range of inflation, Madam Speaker. So some areas had to be constrained in terms of increases so that we could provide the priority that was required in the area of health and education. So we were faced with choices. We rejected those choices; we went with a Budget that maintained those services.

There was another alternative too, and that is, when we were looking at increased revenues, we could have followed the Tory example in Ottawa. I think if the Tories were in government in Manitoba they would have followed much the same sort of approach. Certainly the Leader of the Opposition said, during the last provincial election, that he owed a lot in terms of inspiration from Brian Mulroney and the federal Tories. Certainly many of his policies and proposals were taken right out of the federal Tory policy book. We could have done what the federal Tories have done, and cut taxes for corporations and cut taxes for wealthy individuals through such boondoggles, such tax giveaway bonanzas as the \$500,000 capital gains tax exemption.

We could have done that, Madam Speaker, we could have followed their regressive taxation policies that load the tax burden more and more on low and middle income Canadians and less and less on wealthy Canadians in the corporations, but we didn't. We chose instead to take a course which was a tough one, one that was progressive in its impact, that did look at the ability to pay of individuals in Manitoba; and I think clearly set a different example from that of the federal Conservatives and their regressive taxation policies.

Just let's get it clearly in mind exactly how regressive those policies have been. Since 1984, individual income

taxes have increased 52 percent, as compared to corporate and resource taxes, which have decreased by 18 percent. That's what Tories do when they're in government. That's their set of priorities, Madam Speaker. Instead of sharing the taxation burden equally, individuals pay more and corporations pay less.

Madam Speaker, in fact, a number of studies have shown clearly that this is the case. It's shown clearly that poor Canadians have faced an increasing tax burden because of federal policies. In fact, the two-income, two-child couple earning \$15,000 - thanks to the Federal Government - is faced with a 90 percent increase in the amount of tax it would pay, an increase of more than \$330.00.

In fact, the only group nationally to pay a reduced share of overall taxes are those earning more than \$60,000 a year. Their share of the tax burden went from 30.9 percent, before the Tories came into office, and 28.6 percent in 1987. That, Madam Speaker, is comparing a tax system, the 1984 tax system, which in and of itself was regressive because of the many loopholes and tax giveaways that were built into that system over the years by the federal Liberals.

That's one comparison, Madam Speaker, that's one possibility we could have followed. Instead, the Minister of Finance chose, in looking at the need for additional revenues, to make sure that poor Manitobans did not share an inordinate amount of that burden. In fact, Madam Speaker, yesterday 15,000 Manitobans were taken off the tax rolls, and more than 85,000 other Manitobans had their total tax burden decreased.

(Mr. Deputy Speaker in the Chair.)

For the Leader of the Opposition who today, I think, dismissed that as being somewhat irrelevant, I would say that it's far from irrelevant. I would say it's important when we're looking at taxation policy because these are people who have little to begin with. We should not be asking them to share more and more of the tax burden than we require to maintain our essential services.

You know, there was a news report yesterday that talked about these people being fortunate because they were not faced with increased taxes. Mr. Deputy Speaker, how someone earning \$10,000 a year, sometimes supporting a family on an income such as that, given current costs and in current society, can be considered fortunate, I don't know. But, unfortunately, that seems to be the attitude of Conservatives. They seem to have the attitude, Mr. Deputy Speaker, that the poor and the middle-income people should pay and pay more. That certainly seems to be the suggestion of the Leader of the Opposition today, because he gave no credence to the importance of this tax reduction; no credence whatsoever.

Yes, Mr. Deputy Speaker, other Manitobans will pay more but they will pay in a way which is designed to reflect the ability to pay. That's what progressive taxation is for the Member for Morris who seems to lack an understanding of it. He admitted so in this House only a few days ago. That is what progressive taxation is all about. It is, Mr. Deputy Speaker, a system which attempts to reflect the ability to pay.

Even where there were revenue increases, tax increases, let's look at the fact that in a number of key

places offsets were built in; offsets which ensured greater progressivity in terms of taxation. The income tax - I think there can be no better comparison of the income tax and its progressivity in terms of that when one looks at what happened in Saskatchewan. There were no offsets in Saskatchewan. As a result, that tax did hit many low income residents of Saskatchewan far more harshly than it should. Manitoba offsets have been built in. Similarly with the sales tax through the cost of living tax credit, a significant offset has been built in for low income Manitobans. That, I think is the basic philosophy throughout this particular Budget. It's a philosophy that does seek to make tough decisions, yes, but tough decisions that do not burden the poor of this province.

Well, Mr. Deputy Speaker, I've talked about options. I think we've seen another option clearly today from the Leader of the Opposition, but interestingly enough it's not an option that the Leader of the Opposition, that member chose to put forward in the 1986 election. You know, there was an exchange earlier between a number of members on this side and the Leader of the Opposition when he started talking about elections, the 1986 election. It's interesting, Mr. Deputy Speaker, that he made no mention whatsoever of what he said during that election and with good reason.

I'm going to review some of the things that he and his party proposed in the recent election. You may recall last year, Mr. Deputy Speaker, I reference the fact the Tories -(Interjection)- Well, we're going to relive it now - the Tories like to talk in progressive terms during elections, but when elections are over they act and talk and think like Conservatives.

Talk about the election, and I hope this will be referenced in Hansard with quotation marks because I have some difficulty in using the term "progressive" when it refers to the members opposite. But, Mr. Deputy Speaker, the Tories talked about, and I'll quote here from "It's Time for a Change," the P.C. commitment, they talked about, and this is a direct quote, "To protect and enhance the program services and institutions that Manitobans depend on for health care, education and community services." That's interesting.

I'll quote from an article which goes into further detail of exactly what they were talking about, "Health Social Funding Boost Vowed". "Filmon pledges a \$130 million increase without raising taxes deficit." Yes, very believable. "In a crucial campaign move aimed at countering a tight-fisted image, the Tories plan to add \$130 million to health and social spending in the first year of a P.C. Government."

"Programs for People, Filmon's Platform," another article from the Winnipeg Sun, February 24, 1986. He talked about adding an extra \$180 million a year - it's \$180 million a year now - for those three services which were starved by the uncaring NDP Government for more than four years; health, education and social programs.

It was no wonder, Mr. Deputy Speaker, that editorials such as an editorial that appeared in the Winnipeg Sun last year talked about the Leader of the Opposition living in a dream world when it came to his particular program proposal, but that's what he said. He said that spending on health and social funding would be increased. So, what did that member say today in this House on this Budget which made very clear the priority of this government on health and education and social

policy? Did the Leader of the Opposition get up and say yes, that's exactly what I wanted; yes, that's what I said in 1986; yes, that's exactly what the Provincial Government of Manitoba should be doing?

**A MEMBER:** Did he?

**MR. S. ASHTON:** No, not at all.

He talked about belt tightening and expenditure cutting. No reference to the need for maintaining our health services and our education services. In fact, in a press release issued today - and I quote from it - it talks specifically about there being a need for a reduction in expenditures and belt tightening by the government. Now, how do you reconcile those two statements? Statements made during an election which talked about the need for increased funding and statements made now, less than a year later, by the same Leader of the Opposition saying that we should be looking at belt tightening and cutting expenditures.

Well, I have an explanation, Mr. Deputy Speaker, and I just referenced it only a few minutes ago, and that is the fact that during elections Tories like to talk progressive but when they're in opposition, when they're in government, they act like the true right-wing Conservatives that they are. They show their true priorities. Not in their words in elections, but in their words and actions in between elections and that's what is important.

Well, Mr. Deputy Speaker, if there should be any doubt about what those words reference, let's think back a little bit further than 1986. Let's think back to 1977; 1977 through to 1981. You know the words "belt tightening" and "reduction in expenditures" were probably the two key buzzwords used by that previous administration. We saw what that meant. We saw what it meant in terms of health and education services. I remember it very, very well and I sometimes have to chuckle to myself when I hear some of the members opposite try and make issues out of what funding, for example, education has received, because I remember what education received when they were elected in 1977, when they got a chance - (Interjection) - Well, let's talk about tuition fee increases.

The first year they were in government they raised tuition fees by 20 percent in one year. They increased funding by 3 percent, not 4 or 5, at a time when inflation was 11 percent; a real decrease of 8 percent in funding to post-secondary education. That's what Tories do when they're in government. We saw it in terms of health care spending. We saw it in terms of frozen capital budgets. We saw the impact it had in Northern Manitoba. Belt tightening. Northern Manitobans remember what belt tightening is all about. Belt tightening means we in the North have the Department of Northern Affairs slashed; every other department that provides direct services to Northern Manitoba slashed; it means educational initiatives in Northern Manitoba are slashed; that's what belt tightening means: expenditure reduction. That was 1977 through 1981. - (Interjection) - Not that long ago, Mr. Deputy Speaker. That's something that members opposite would rather forget. - (Interjection) - Well, Mr. Deputy Speaker, the Member for Morris makes reference to a badge that he is wearing at the present time. If he wants to give

me that badge, I will gladly wear it, Mr. Deputy Speaker, because Manitobans have been saying, for four out of the last five elections, that the kind of democratic socialism that this party stands for and enacts when it's in office is exactly what the people of this province want.

So, Mr. Deputy Speaker, we could see again - you compare with the federal Tories, you can see the difference. You compare it with the Tories when they were in government here, you can see the difference. You compare it with their counterparts in Saskatchewan; Saskatchewan, for the Member for Morris, who talks about deficits. Saskatchewan, where they are faced with a \$1.2 billion deficit, three times as high as in the previous year, where they're talking about cutting expenditures in the neighbourhood of \$800 million, expenditures that will be taken right out of services for ordinary people in that province. This was a party that when in a recent election talked about grants and giveaways for home renovations, as the Member for Kildonan often points out, "the jacuzzi grants." On the one hand, they're continuing to finance their elective giveaways; on the other hand, they're talking about cutting \$800 million.

Let's talk about Alberta, Tories in action again. What's happening to education spending in that province? To the Member for Fort Garry, who's raised this issue, or the Member for River Heights, who often talks about educational funding, has it gone up 4 percent or 5 percent, as it has in this province? It's been cut. And, in fact, there have been cuts in health and education and funding to service groups in that province ranging anywhere from 3 percent to 10 percent.

I find it ironic that people across the way talk about some of the situations that are developing in our hospitals. If you want to talk about what's happening to our hospital system, let's talk about what would happen if you were able to put your belt tightening and budget cutting into place. You would see a major, major, major reduction in health services in this province and you know exactly what that would mean for ordinary Manitobans.

So, Mr. Deputy Speaker, we see the differences. You know, at times, I've heard people say there are no differences between the parties. As I've said, in some areas perhaps there aren't. When it comes to constituency matters, to local matters - I know in my own constituency, we often find that there are a lot of similarities that we have. But, you know, the reason why many voters in the last election said there was no difference is because we had, "Let's Pretend New Democrats." We had "Let's Pretend New Democrats" in the form of the Liberals, in the form of the Leader of the Opposition, and the Tories.

I read earlier a statement that was in the Conservative platform that could have come right out of this Budget in terms of health and education and social spending. They were "Let's Pretend New Democrats," but for how long were they "Let's Pretend New Democrats"? For 35 days. For within two months we were back in Session and they were already talking about cuts and deficits and we see it today.

We see, a year later, that the true Conservative approach is coming out more and more, so there is a difference. I want to say that clearly and I will be saying that in the next election; and I'll be saying that in many

elections to come; and that is not to just listen to what is said, but to look at the real priorities, in good times and in bad times, during elections and in-between elections. Because I think if one looks at that, one can see the differences.

As I said, we're in difficult times and all governments are faced with that, all governments, all provincial governments. The Federal Government which, as I said, has increased taxes substantially since it was elected, they're faced with the same problem.

Internationally, it's not just us, it's the Europeans, it's many countries throughout this world, they're faced with the same problems that we're facing here in Canada, and Manitoba in particular. We've seen the Tory response - you increased taxes, but you do it in a regressive way which hits low- and middle-income earners far more than it should. You start cutting services, vital services by 3 percent, by \$800 million. You try and de-index pensions. You try and tamper with the social programs that the people of this country want. You bring in such things as privatization. We've seen that federally; sell offs of Crown corporations, sell offs, Mr. Deputy Speaker.

We see deregulation, you know, a whole series of regulatory acts which have brought many benefits to the average people of this country; we see them being dismantled, torn apart by Tory Governments. We see such things as the pharmaceutical companies being able to get their ways on generic drug pricing.

We see such things as free trade, which seeks to throw ourselves on the U.S. economy rather than develop our own economy here in Canada. That is one alternative, but there is another way. When it comes to revenues - the needed revenues that governments face - you can look at progressive taxation and ability to pay. In cases where people do not have the same economic opportunities that other people in society have, you can look at going beyond that, and instead of avoiding increasing taxes, you can try and give them assistance, try and give them a better opportunity in this society.

You could bring in tax reform to make sure that is done in a systematic way across this country. You can seek to have services, basic services for all Canadians, regardless of where they live, through an equalization system and a federal transfer system, which is fair at all regions of this country.

You could reject privatization. You can look at the fact that public ownership in this country has served this country well, and served many provinces well, and that if used wisely and innovatively you can continue to do so, and continue to do so in an improved way in the future.

You can maintain and improve regulations, not eliminate them but improve regulations, to help protect people in many areas of society. You could seek to develop a made-in-Canada economic policy that will develop our own economic potential right here in Canada, our own industrial potential, our own potential in many communities throughout this country.

That's an option, Mr. Deputy Speaker, that the New Democratic Party offers. It's an option that is consistent with the basic themes of this Budget. In fact, if one looks at this Budget in the light of that, one can see that the words that we talked about in the Throne Speech of fairness and equity have been put into practice.

We've seen taxation according to the ability-to-pay principle within this Budget. We've seen an emphasis on maintaining vital services in this Budget. We've seen a creative approach to economic development, using the public sector through the Small Business Development Fund which is outlined and was announced by the Minister of Finance in this Budget.

We've seen the introduction of Manitoba Savings Bonds, which allow people to funnel their savings right back into this province for economic development in this province, in this Budget.

We've seen so many parts of the New Democratic option in this Budget, Mr. Deputy Speaker. Of course, there is much more that can be done, certainly much more that can be done at the federal level, and I look forward to the day - and I don't think the day will be far off, given present developments in this country - when we will see the New Democratic Party Government in Ottawa, which will put this option into play.

But here, in Manitoba, we have not stopped at that. We have brought in as many of the aspects of the New Democratic option that we could in good times and in bad times. I want to commend the Minister of Finance, in particular, for his efforts in this regard. This is one of the most progressive Budgets that we have seen in this province in many years, and I commend the Minister of Finance for leading the way in this regard.

Probably for me one of the most important comments that was made on the Budget was not by some of the interest groups that we are used to hearing all the time on Budgets. I respect their views; they represent people. They have legitimate rights to express their views on budget and taxation policy. I respect them for that. But probably I felt the most significant comment on this Budget was made by Olga Foltz, Executive Director for the Manitoba Anti-Poverty Organization. - (Interjection) -

Well, the members opposite laugh. They may not take the views of the Manitoba Anti-Poverty Organization seriously. But she said, and I quote, "I really do feel good about it, because it gives people a lot more hope." You know who she was talking about, Mr. Deputy Speaker? Those who are poor in our society. Those who do face poverty and they are in every area of this province.

In my area, Mr. Deputy Speaker, we have one of the higher incomes on average in this province. We have many poor people as well. In Northern Manitoba, generally, there are many people who live below the poverty lines, who day in and day out face a struggle with just the basic existence, the basic economic survival.

Yesterday, when the Minister of Finance announced the Budget that had to deal with fiscal priorities, the deficit, debts, a whole series of challenging questions from the Minister of Finance, he stopped, and this government stopped, along the way to make sure not only that those who are in poverty, those who are poor in our society, didn't pay more, Mr. Deputy Speaker, but that there was some assistance for them as well.

The Minister of Finance could have ignored that, could have looked just at the deficit and the debt, could have worried about the bankers of Zurich, could have ignored those people very easily, and given the way in which there are thousands of interest groups who comment on budgets, perhaps nothing would have been noticed, perhaps the Anti-Poverty Organization and other people

who are faced with poverty day in and day out wouldn't have been heard. But he did listen. This government did listen, and while it may be buried on page 4 of the Winnipeg Free Press, it is probably one of the most significant comments on this Budget.

Those are priorities, Mr. Deputy Speaker, priorities of a New Democratic Party Government, dealing with poverty, the poor, making sure that the services that we all take for granted, especially the poor- and middle-income people in this province have to rely on; health and education, making sure that they continue; making sure, Mr. Deputy Speaker, that there is a difference; that when we talk about speaking up for ordinary Canadians and we talk about speaking up for ordinary Manitobans, we put that into place.

These are the kind of priorities that I will be expressing to my constituents, and I think if it is looked at in this light, they will see the bankruptcy of ideas of the members opposite. They will see where their true priorities lie.

No one likes the tough decisions that were made yesterday in a taxation sense; there is no doubt about it. People don't want to pay more taxes. But what they've said to me time in and time out is that when we do have to pay taxes it should be fair.

Eighty percent of Canadians are saying our present taxation system isn't fair. The message I'm going to be taking, Mr. Deputy Speaker, to my constituents is yes, it was a tough Budget; yes, some difficult decisions were made, but it was a clear option, a clear alternative, a fair option, a fair alternative, that when this

government talks of fairness and equity it applies it in every situation.

I want to say to them, as I do to members of this House, that I'm proud of the actions taken by this Minister of Finance and this government, proud of the actions taken in this Budget and I truly do commend it to the people of this province.

Thank you, Mr. Deputy Speaker.

**MR. DEPUTY SPEAKER:** The Honourable Member for Sturgeon Creek.

**MR. F. JOHNSTON:** Mr. Deputy Speaker, I move, seconded by the Member for St. Norbert, that debate be adjourned.

**MOTION presented and carried.**

**MADAM SPEAKER:** The Honourable Government House Leader.

**HON. J. COWAN:** Yes, Madam Speaker, I think there is a disposition on the part of all members to call it six o'clock.

**MADAM SPEAKER:** Is it the will of the House to call it six o'clock? The hour being 6:00 p.m., the House is now adjourned and stands adjourned until 1:30 p.m. tomorrow. (Wednesday)

Happy St. Patrick's Day.