

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, September 18, 1989.

The House met at 8 p.m.

MATTER OF URGENT PUBLIC IMPORTANCE (Cont'd)

Mr. Speaker: The Honourable Member for the Interlake (Mr. Uruski) has nine minutes remaining. The Honourable Member for the Interlake.

Mr. Bill Uruski (Interlake): Mr. Speaker, as we were leaving for the supper hour, I began my remarks on this debate dealing with the general sales tax that is being foisted on Canadians here as a notion. I say "notion" on behalf of the federal Conservatives that somehow this tax reform will in fact improve the fairness of our national taxation system. This, Mr. Speaker, I believe is a myth. I believe that this notion that is being sold and is being advertised by the federal Conservative Government that somehow the system will be fairer if we move to this general sales tax that everyone will have to pay for the gifts or the non-taxation of the large corporate sector.

That is part of the myth in that many Canadians have been led to believe by Conservatives that you have to provide gifts and incentives, tax holidays and giveaways to large corporations, because if you do not do that you will have no jobs. That as well is a myth, but it has been talked about and talked about over and over, repeated in society, that many—not all—Canadians tend to believe that. But what has actually happened?

For example in the last four years, nationally, the tax rate for the highest income earners in this country, in Canada, has dropped in terms of the proportion of tax that they pay from 34 percent to 29 percent. In those four years, federal Conservatives have been in office. So that the greatest gifts have been to those Canadians who make the highest salaries. As well, five years ago approximately 19 percent of tax revenues federally were from sales and excise taxes. With the general sales tax, that revenue will go up to 30 percent. That is the impact that the general sales tax will have on the total revenues collected by the federal Government.

Mr. Speaker, as well, another myth is being perpetrated by federal Conservatives and has been supported here by provincial Tories, because they have been on both sides of the issue that consumers will actually save with the general sales tax because the old manufacturers sales tax will be removed. Nothing further from this statement is—it is just not true, it just will not wash, because the president of the Canadian Manufacturers Association himself has said that consumers will likely see no change in the price of the items that they purchase—will not see any change, he said that. In fact, they will be paying an additional 9 percent. So that not only will consumers not see a change, they will add 9 percent and even our federal Finance Minister has said that tax will cause a 3 percent jump in inflation. He has admitted that. So where is

the fairness to the consumers? No one on this side, no one in Canada in terms of political Parties has, and we have talked about this, said that an alternative to the manufacturers sales tax should be found.

Mr. Speaker, let us not continue the billions of dollars of loopholes and giveaways to the large corporate sector in this country and say that we are going to allow \$40 billion of tax revenues to go uncollected and we are now going to impose a 9 percent sales tax on Canadians. That just is not fair.

* (2005)

There is an alternative to the present system. It is not just those who are opposed to the 9 percent general sales tax. It is not enough for the Government to say, some of them saying, well now I am opposed. That is opportunistic politics as it was in Meech Lake, as it is in this issue, because they came out initially saying we are in favour of it, we want to dovetail it, we want to do whatever we can, but Manitobans and Canadians have been sold a bill of goods that is not going to wash, because there is an alternative. There is an alternative to this sale tax because of the unfair system that we have now in place.

Mr. Speaker, as well, Canadians have been led to believe that lower and modest income Canadians will be better off under the general sales tax. That is what we have been told, that there will be an enriched tax credit. Well, my information is that the tax credit for the poorer Canadians will be implemented with this general sales tax but will only cover increased taxes for single parents with incomes under \$30,000.00. The average Canadian family of two earners, two children, at an income of about \$45,000 a year, will pay approximately \$800 more under this system, under this new tax, than presently exists. They are now already paying \$1,000 more today, since Brian Mulroney has been in office, so you are looking at an additional \$800 a year for what could be considered middle-average Canadian family incomes.

There has been a major campaign by Conservatives across this country aided and abetted by institutes like the Fraser Institute in British Columbia, like other ultra-Conservative economists who will continue to say that this is tax reform when it is not tax reform.

Hon. Clayton Manness (Minister of Finance): You increased the rate twice when you were in Cabinet.

Mr. Uruski: It is not tax reform. Mr. Speaker, the Minister of Finance says we increased sales tax. Yes we did, but we do not have the strings on the national income tax system to stop \$40 billion a year bleed on the Canadian taxation system. There is an alternative to a federal general sales tax. The Minister of Finance had better write stronger letters on behalf of Manitobans because he is tagged. Whether he likes it or not he is part of the Conservative network in this country to try

and bamboozle Canadians that this is tax reform when it is not.

* (2010)

Mr. Speaker, Canadians, and Manitobans in particular, are voicing their concerns by the thousands against the imposition of this tax, and most Manitobans know that there is an alternative. They need someone to express their frustration and their desire to say what is fair is fair, let us be fair in how much taxes each of us pays, let us not continue the kind of giveaways that we have continued, let us make this taxation system more fair than it is today.

Mrs. Iva Yeo (Sturgeon Creek): Thank you, Mr. Speaker, and thank you to the Member for Arthur (Mr. Downey). I was interested this afternoon to listen to the Member for Flin Flon (Mr. Storie) as he talked about the hypocrisy and the flip-flop. I do not have the actual text in front of me that he used, if he had such a beast, but it was certainly interesting to listen to some of his comments, because they were very similar to the comments that I was preparing to utter this evening, thinking about the hypocrisy of the New Democratic Party in bringing forth this matter of urgent public importance today, when on June 21 they chose to totally ignore and, as a matter of fact, to vote with the Government when we attempted to introduce a very similar sort of matter of what we felt was urgent public importance.

When he talked about the flip-flop of the Government, I thought it certainly is appropriate, because there is flip-flop all around us when the Government yells nay in one breath and then changes their mind when two or three probably of their stronger Members entice them to realize that perhaps they should vote in favour of this matter that is before the House, because it is a very important issue. It is a serious issue that is going to affect all Canadians and certainly all of us here in Manitoba. As a lady stated on an open-line show, I believe earlier this week when Michael Wilson was visiting our fair city, I am Mrs. Average Canadian, she said, and what are you doing for me with your 9 percent tax grab, because that is in fact what this is going to be.

They talk about it being a revenue neutral sort of taxation device, but I believe it was about three years ago when New Zealand developed some sort of a VAT—because it is a value-added tax, that sort of a thing—that they found after the first year that their tax grab was far greater than they had actually anticipated. So are we here in Canada going to find that the tax grab is much greater than was anticipated? I am quite sure we likely will. The other touch of hypocrisy that we are getting very used to—unfortunately, we are hearing it time and time again, and I must say it is something that actually aggravates me personally somewhat when we hear the NDP chastising the Government and chastising their Liberal friends and saying how unfair this tax is. Then we think, who was in Government in Manitoba in 1983? Who increased the provincial sales tax in 1983 to 6 percent? Who in 1987 decided that the provincial sales tax could go up to 7 percent? Who today is saying that this particular GST is unfair? We are hearing it very frequently.

Unfortunately, the Government is not behaving much better because there is our Prime Minister unable to speak with the Premier (Mr. Filmon) of our province, or at least to have any fruitful sort of discussion because nothing really comes of it. When our Premier makes the statement, ah, but the Prime Minister knows what I am thinking so I really do not have to talk to him, well, I am not so sure. I am quite sure that the people of Manitoba are saying, you know, when is this First Minister (Mr. Filmon) that we have put into albeit a minority situation going to stand up and speak, really speak, with meaningful terms to the First Minister of our country?—and I hope it is soon.

* (2015)

When we hear that the cost of administering this particular tax grab is going to be—what?—\$1 billion perhaps, when it is going to take, we hear, 2,000 civil servants to administer it, 4,000 civil servants, 8,000, who knows? The cost is going to be tremendous.

We know that it is going to be a bookkeeping headache, a bookkeeping nightmare. I think somebody actually said a very difficult thing, particularly for Mr. and Mrs. Average Canadian, for the small businessman, for the farmer, for the people who perhaps have not been used to keeping the kind of records that they are going to have to keep. Can they opt out of this particular taxation device? Well, some of them can perhaps.

This goods and services tax which has been placed on the table for all of us to act upon in 1991 is going to hit basically every transaction involving some sort of exchange of goods or services. I have already had a letter from an individual who is very concerned about the aspect of exemption for psychological services, and he says, if we in the Manitoba Psychology Association are going to be taxed every time we provide services for individuals, people are not going to be coming to us for the services that they so need. Is that not a shame when there are services that could be provided to needy individuals, to people who have relied upon them, who are no longer going to be able to afford them because in fact there is going to be an additional tax linked to that?

The other aspect that I find a little distressing is that it is going to be applied at every level of the production process. You know, if a cabinetmaker wants to build a cabinet, it is going to start—(interjection)—the Member for Arthur (Mr. Downey) says is it anything like a Cabinet Minister, and I can say, Hallelujah, no! When the cabinetmaker buys his lumber there is going to be taxation on that purchase. When the lumber individual buys the lumber, he is going to—there is going to have been tax by the sawmill people. So all the way down the line there is tax on top of tax on top of tax.

I feel that the service-oriented companies, the firms which perhaps have never before been taxed on the services they provide, will for the first time often find themselves subject to taxation in certain instances when they are going to have to have accountants in to help them with their bookkeeping, and the accountants' services are going to be taxed on top of that. There was one statement that I read that if a credit is not

claimed it is gone forever. There are people who are fearful out there because they do not know what the end result of this particular goods and services tax is going to be.

The foods services people are concerned. There are complaints that if you buy a drink, a Pepsi in one area, Coke or whatever, and you turn around and buy it in another location, in one place it will be taxed and another place it will not be taxed.

So there are a lot of questions that we have to find answers to for the people in Manitoba. I gather snack foods and soft drinks will continue to be taxed at 9 percent instead of 13.5 or thereabouts, but they will continue to be taxed. A lot of people have said we are getting mixed signals from Ottawa, but this weekend I spoke with 500, 600, 700 people from my particular constituency and they are all concerned about the goods and services tax. Thank you, Mr. Speaker.

* (2020)

Mr. Harry Harapiak (The Pas): I am pleased to stand and take part in this debate on the goods and services tax. There has not been an issue since I have been elected to the Legislature eight years ago that has caused as many phone calls in my office.

Some Honourable Members: Oh, oh!

Mr. Harapiak: Mr. Speaker, some of the Members are challenging me and asking me if the Autopac issue had raised more concern in the Members of the Legislature, but I think that this issue is grabbing the attention of more people than the Autopac issue did. It is getting a lot of calls from Conservative Members. Conservative people are filling in the cards and telling us they will never vote for the Conservative Party again, that they are tearing up their membership, sending their completed cards into to us and telling us that they will never vote Conservative again, in The Pas and all over the province. We are getting cards from right across the province telling us that we should not spare any efforts in trying to stop this goods and services tax because it is not a fair tax. There are a lot of myths surrounding this goods and services tax.

(Mr. William Chornopyski, Deputy Speaker, in the Chair)

Mr. Deputy Speaker, the Minister of Northern Affairs (Mr. Downey) gave us quite a display earlier in the day when he was supposed to be speaking about this goods and services tax, and I guess he was maybe contemplating being out of the political life. He was starting to hone his auctioneering skills once again and he was getting up and having a little practice session in the Legislature here. He also says he was really preparing for the Senate, and I have heard that some of the difficulty they are being faced with is with the redistribution of seats. In his part of the country there are going to be only two seats, now there are three seats. The Minister of Northern Affairs (Mr. Downey) has agreed that if they would appoint him to the Senate he would resolve that problem for the Conservative Party.

There are a lot of concerns that the people have about the goods and services tax, and I guess one of the biggest concerns the people have is that it is not a fair tax. Everybody accepts that it is a consumptive tax and therefore it will be affecting the people who are on a lower income bracket to a much greater degree than people in a higher income bracket.

I guess the Minister of Finance (Mr. Manness) is having some difficulty in understanding that. I am sure he does understand that the people at the lower end of the income bracket are using a much larger percentage of their income to survive and not buying some of the things that are luxuries in life. The people, if they are buying things for luxury, it is by choice that they are purchasing them, and therefore they know they will be paying additional tax. The people at the lower income level are using a greater portion of their disposable income for survival, and therefore they have no choice but to be paying that tax.

When the federal Minister of Finance was going on to explain the tax, he was saying that the tax was all about fairness. I guess since he became the federal Finance Minister in 1984, the burden of the taxes has shifted from the wealthy in Canada to the people who are at the middle income bracket to a much greater degree than it ever has in the past.

It gives an example where the tax rate for the highest income earners in Canada has dropped from 34 percent to 29 percent. I guess in Michael Wilson's eyes that is fairness because the corporations and the higher income brackets are paying less taxes, and the people in mid income brackets are paying a higher percentage. So I guess that is his idea of fairness.

Five years ago, 19 percent of the tax revenues were from sales and excise tax while the GST will make it reach 30 percent. Again I do not see that as being a very fair tax system.

* (2025)

Another idea they were trying to sell when the federal Minister of Finance went out on his campaign trail is he said that the consumers will actually save with the GST because the old manufacturers sales tax was going to be removed. I do not think there are too many people in the business community who have listened to him give his spiel have believed him. Apparently he had a session with the Winnipeg community business people last week, and there were several questions asked around that area. They certainly did not convince those people that there was going to be any saving to the consumers in Winnipeg, and therefore was going to be costing us, as Canadians, much more. The business community is not supporting this GST because they do not see it as a fair tax either. They see it as a tax that is going to be an added burden to them when they are having to collect this tax. It is a very complex process as it is, and they do not feel that this is acceptable at all. The Manufacturers Association have come out very strong and have opposed the GST when they have had an opportunity to speak out about it.

Another idea they have been trying to push is that the lower and modest-income earners will be better

off under the GST. I guess when you look at it, an enriched tax system for the poor would be implemented. My colleague from the Interlake has raised the point that the new formula they have put in for the increased taxes for single parents will only apply for people who are under \$30,000.00. So therefore a family that is making over \$40,000 with two family members working will have an increase of over \$800 per family. This is a point of interest since the Conservative Government have come in at the federal level. There was an increase prior to the general sales tax coming in—goods and services tax coming in—there was an increase of over \$1,000.00. Now, with this increase of \$800, that means that there would be \$1,800 more in taxes since the Conservative Government has come in.

I think that this goods and services tax is going to be inflationary. People before me have all talked about the fact that it will have a spiralling effect on it and will cause inflation to increase by quite a few percentage points. I think a fairer way of looking at it would be to bring in some legislation to cover some of the loopholes, loopholes which permit corporations to get away with paying \$30 million to \$40 million a year. I think if the federal Government would come in and close some of those loopholes it would be much—billions, my friend reminds me it is not \$30 million or \$40 million. It is \$30 billion, \$40 billion that will be lost to loopholes every year, so I thank him for that correction.

I think it is a wrong-headed tax and I think it is going in a wrong direction completely. They should be reconsidering it and coming up with some alternatives. The Member for the Interlake (Mr. Uruski) has brought up some suggestions as to how it would be approached in a different direction.

I think one of the things that is going to be happening here, it is going to cause an underground economy as more and more people are going to be trading off services and trading services so they can get around paying for that goods and services tax. So I think that we should be doing things to encourage people to get away from that. Rather, we are forcing people to go take a greater part or to participate to a greater degree in that underground economy if we continue to participate in that type of a tax.

I think it is important, that last part of the resolution that was brought forward by my Leader, "THEREFORE BE IT RESOLVED that the ordinary business of the House be set aside," and I think it is important that we have that debate. I am pleased that people were able to stand up and give some suggestions as to how they would see it—different methods used to make it a much fairer tax. I think the greatest satisfaction we hear from people who are calling us about this goods and services tax, it is not a fair tax. So I hope that when our Premier goes and meets with the federal Prime Minister or federal Minister of Finance, he gives that message loud and clear that we are not in favour of this tax.

* (2030)

Hon. Edward Connery (Minister of Consumer and Corporate Affairs): Mr. Deputy Speaker, I, too, want

to say a few words on this particular GST. I think, as a Government, we are concerned as to how it will affect us, how it will affect the economy of the province. I find it so hypocritical, first of all from the second Opposition Party to stand up and be so critical of taxation and a consumption tax when it has been said many times in this House already today that they increased it twice in their term. So now they were quite prepared to tax the consumer and they did not have any differentiation between the low earner and the high earner when they put on a sales tax. It just caught everybody.

They also put on a 2 percent flat tax that was very detrimental to consumers and to the average taxpayer. They had no compunctions about doing it. Have we taken it off, it said. We would love to see it gone, and we have had some tax reductions, as the Member knows. Is it not really interesting, she, the Member for Logan (Ms. Hemphill) says, "Have you taken it off?" Mr. Speaker, I can remember when she was the Minister of Business Development and she said, when the business people were complaining about the payroll tax when it was 3 percent, yes, we have to take a hard look at that payroll tax, and she did, she raised it by 50 percent. So you can see that was the idea of the NDP.

They talk about loopholes and the Leader of the New Democratic Party (Mr. Doer) talked about loopholes and he knows about them because it was not until it was brought up in the Legislature that he paid his university loan. There he was trying to rip-off from the public himself, and I think that is not the way it should be.

Under the NDP, we were the second highest tax regime in Canada. This was detrimental to us as a province; it was detrimental to business; it was detrimental to the average taxpayer; and it just cut back on everything we were trying to do as far as services for the people. The Member for Niakwa (Mr. Herold Driedger) was talking this afternoon and he said that he did not want to continue being a hewer of wood or a carrier of water, and I agree.

He brought up the point of the long distance that we have to market. There is no question when we talked about free trade we talked about Manitoba's position and our location on the continent and being so far from the markets, and that is why we were supportive of free trade because to the south we have a large market there sitting in Minneapolis-St. Paul, in Chicago where we can, as a province, ship some of our goods to and do it quite well, but the businesses have to be competitive. So while I have some concerns about how this tax is being collected and how it will impact on people, we have to also be very cognizant of how our businesses are able to be competitive and why are we concerned about the businesses being healthy and competitive.

Mr. Speaker, it creates jobs and that is the bottom line that I, when I ran for election in this province, was to be concerned about—people. People are the bottom line in my estimation and are the bottom line in this Government. I would think, and hopefully all 57 Members of this Legislature, their main concern is for

the bottom line of people. What can we do for people? I honestly believe that everybody here believes that we have some philosophical differences as to how we do it and how we collect the tax, but we have to be very careful so that we do have a fair taxation. I do not want to see people getting away without paying their fair share of taxes so I support that.

When we look at the Liberals, and I say to them—you know, they were standing up here arguing against taxation. The Member for Fort Garry (Mr. Laurie Evans) was very critical of the tax and was very critical of the increased deficit. Well, you have to put everything into sync and how do you do it? If you want to throw money at programs you either have to generate that wealth or you have to tax the people who are there. There is no secret tree out there that is a money tree. I think that if we look after our businesses well that will give us the extra money so we can provide the extra services that everybody here in this Legislature wants to provide without having to tax greater.

I hope that the program that we look at does not pass on added increases to our municipalities. I think the smaller lower levels of Government are the ones that are in real trouble. I know the City of Portage La Prairie is in real difficulty economically and cannot stand increased taxation. So I would hope that whatever the federal Government does in the way of a tax regime that it would be cognizant of the concerns of the municipalities and their ability to pay their way because they do not have quite the taxing abilities that the other Governments have.

It was quite interesting for the Member for Dauphin (Mr. Plohman) to say that we, as PCs, were able to reduce the deficit because of the NDP excessive taxation. There is no question about that. They did tax excessively, greatly, but it was not because they had overtaxed that we were able to bring down the deficit, it was because of good management. Good management and being able to look after the taxpayers' money properly, I think that is how you do it.

So by bringing in some fiscal responsibility is how we were able to reduce the deficit. I can tell you that it has been a long time since we have had a Finance Minister that understood how to keep a controlling rein on spending of money. Sometimes I do get a little annoyed with him because I would like to spend more money in my department, but he does—(interjection)—oh, I know it is not only me, it is every department, and you have to justify your expenditures, which the previous Government had no idea as to how to control expenditures.

So, Mr. Deputy Speaker, when we talk about this GST and whatever taxation we bring forth provincially, federally, it has to be in the context of how it affects people. That is the bottom line that we work at, and so we have to try to do it fairly. I am not sure that the way the federal Government is proposing it will be fair, but when you criticize taxation, then you have to criticize programs or else we get off our butts and we get business thriving in this province. The previous Government did everything in their means to thwart business so that it would not be here. They drove businesses out of this province, head offices to Alberta,

to Ontario, to Quebec, and we lost a lot of valuable jobs and a lot of valuable income.

Mr. Deputy Speaker, I am concerned about this taxation, but I am also very concerned that we do not throw the baby out with the bath water, that we take a hard look at the programs for people. Let us ensure that it is people first that we are concerned about.

Mr. Gulzar Cheema (Kildonan): Mr. Deputy Speaker, before I speak on the specifics of that on the sales tax, I would like to address one important issue.

When we got elected last year, we were new and we thought that the political experience of some Members was that they were having the advantage of the political experience. But, for the last few months, we have seen clearly they are abusing this House many times and a critical example is on the 21st of June, the same issue was, we brought up the issue. At that time it was voted against by the NDP and now, because the public's vote has gone in our favour now they are just joining the bandwagon. I think this is a most disgusting thing I will see.

Now, next year, at the next election, it is going to be one of the points in my area to explain to people not only they are irresponsible, but they waste this House time. That is very valuable time for 57 Members which is costing taxpayers a lot of money for us to be here. Mr. Deputy Speaker, let me talk about the other issue.

On the 27th of August, when the Premier (Mr. Filmon) was in Ottawa and like all Manitobans, we were also watching the news and I was very curious to know what the Premier had to say after the meeting with the Prime Minister of Canada. The Premier came and was smiling, putting a fake smile as usual, and the question was asked by a reporter, did you talk about the sales tax, he said no. Today, he defended his stand and he sat there with 10 Ministers defending the sales tax against one Opposition Leader then he should know that this Opposition Leader who was the only one, the only person in Manitoba and probably in all of Canada, who was against Meech Lake on principle, she was right then, and she is right today.

* (2040)

Mr. Deputy Speaker, over the summer I met with a number of groups, a number of people from Manitoba, all sections of society. I am not an expert on tax laws, but one thing was clear. Most of the people expressed how it is going to affect a common person in the daily act of how much money they have to spend. One thing which was very interesting for me to find out, I was reading the whole text, one special section was the non-prescription drugs will be taxable. On an average, we in Manitoba spend about \$146 per person on non-prescription drugs.—(interjection)— Mr. Deputy Speaker, the Minister of Finance (Mr. Manness) and the Minister of Justice (Mr. McCrae) are saying about the editorial in the Free Press, but they should also read the other headlines in the Free Press.

Mr. Deputy Speaker, my argument is that there are definitely things to back up. For each Manitoban, \$146

per person for non-prescription drugs, and the Minister of Finance (Mr. Manness) maybe should tell his Minister of Health (Mr. Orchard) that the non-prescription drugs are used by every person, mostly by seniors, for the mother, for the children, every one of us uses them. It is going to cost \$15 million for Manitobans in 1991 and for 25 million people in Canada it will be a large amount. You do not have to be a genius to calculate it. Maybe the Minister of Finance should get up and explain why he did not address that, and it is going to come up.

Most people are realizing that it is going to be one of the factors, but that was completely ignored. We will pass on that the Minister of Finance (Mr. Manness) and the Minister of Health (Mr. Orchard) and the Minister responsible for Seniors (Mr. Downey) and, of course, the Premier (Mr. Filmon) should stand up and make clear to the federal Government, not just having his usual flip-flop or just following the Leader of the Opposition (Mrs. Carstairs). He should have his own stand which he has not shown for the last one-and-a-half years. Mr. Deputy Speaker, he should show it now and make it clear to the Prime Minister of this country and Mr. Michael Wilson that this is not acceptable, there has to be a different way of doing things. I completely disagree with it. Thank you.

Ms. Maureen Hemphill (Logan): Mr. Deputy Speaker, I think the first thing I want to say is that everybody who has spoken in both other Parties has made a point of complaining about our position. I think there is only one reason why they are doing that. They are upset that we are out in front of this issue, that we are the ones now—the public knows—that it is the NDP that are standing up for Manitoba on this issue. It is the NDP that is fighting this issue. It is the NDP that has given them the opportunity to have their voice heard by sending the cards in. It is the NDP that is doing that, and they are upset they are not out front on this issue. So that is why they are making such a fuss about it.—(interjection)—Do not take my 10 minutes up.

If we are going to be concerned about one thing, I think that it is really important to be concerned about the circus that is going on in Ottawa right now where the Commons Committee on Finance is presently having public hearings on this issue, where the Prime Minister said previously when questioned about this that they wanted to hear what the people of Canada thought. They were waiting for these public hearings and they were going to listen to them and take that into consideration, and was heard on television the other night, when questioned about what the outcome of the public hearings could be, would there be any changes in the 9 percent? The answer was no. Would there be any major changes in this tax proposal, and the answer was no. So it makes an absolute mockery of the committee, public committee, hearings that are going on right now in terms of the public being able to have their voice heard.

I agree that we have all said that there had to be a change in the manufacturing tax, that it was not fair, that it caused a lot of problems. This is not the only way to correct it, there are many other ways of doing it. I think if they began, for instance, by taking the

financial margin tax that was eliminated that saved \$1.4 billion to the banks, and they started taxing the 25,000 corporations that pay no tax and the \$30 billion deferred tax that will probably never see the light of day for the people of Canada, they would be on the road to coming up with a good alternative to deal with a tax that has some problems in it and that does need some corrections. We do not need to do it on the backs of the low income and the moderate income, on the working people of Canada, and that is what the Conservative Government is doing. They have already taken \$1,200 out of the pockets of every Canadian family and they are in the process of taking another \$700, \$629 out of the pockets of Canadian families, and the ones that are going to be hurt the most are the ones that can least afford it.

The Minister of Finance (Mr. Manness) was saying he could not quite understand why it was the people at the low end who are going to be hit so hard. I think that if he understood a little more what many of the people that I am going to speak about for a few minutes, and that is people living in the inner city of our city are struggling with and facing. He might be able to understand a little more clearly why this is such an unfair and actually an obscene tax in the way it is going to hit working people.

First of all, right now our social assistance, which is largely made up of single parents and disabled—85 percent of our people on social assistance are either single parents or they are disabled. Those people now, 36 percent of the single parents, are living below the poverty line and 44 percent of disabled people are living below the poverty line. Those people, along with the large number that are unemployed—not 6 percent, not 7 percent, not even the 12 percent rate that is in the inner city compared to a much lower rate outside the inner city, but that in some neighbourhoods the unemployment rate goes from 12 percent to 39 percent.

Can you imagine what it does to a neighbourhood? Can you imagine what it does to a family when you are living in a neighbourhood where there is 39 percent unemployment rate? Can you imagine what it does to you when you are living in the inner city where the housing is in the worst condition and needs major renovation, is really not either unaffordable or decent housing, and yet the rate for that housing is going up at a much higher rate than high cost housing is in other areas of the city? The rent for people living in the inner city, they are paying somewhere between 30 percent and 50 percent of their low income on housing. What is happening there is that they are paying so much on housing, for very poor housing that they cannot afford to eat, that they have not enough money to put food on the table which is then causing the food banks and the soup kitchens to increase.

So what we have is a situation where those who have the least, their real income is increasing the least. The real income of people below \$7,000 has dropped 25 percent and above \$48,000 has increased 5 percent. Yet their housing levels are the ones that are increasing the highest. In the inner city the rents for housing have gone up 10 percent, while outside of the inner city they have been controlled by rent controls and they have

gone up only 4 percent. So rent controls are not working in the inner city. So that you have—

An Honourable Member: Why not?

Ms. Hemphill: Because non-compliance is one of the large reasons and because people in the inner city do not know where to go, do not know what their rights are, and do not know how to get the information. I think that is information that has just come out fairly recently. I think we really have to look at trying to put more monitoring and controls and get better information out to them.

I guess what I am saying is that these people, their income is going down. They are living below the poverty line. Their housing—percentage of their housing for very poor quality housing—is much higher than others and much higher rate than they can afford, that they cannot afford to put food on the table for their children and a roof over their heads. They are spending every cent they have in order to try to feed and clothe their families. They are not able to do so now, and they are going to end up with hundreds of dollars taken out of their pocket in addition for this additional tax.

Now, I am not saying that you know. They are using Statistics Canada Family Expenditures Surveys. Tri-Stat Resources Limited says that lower income groups are going to pay a greater overall percentage of their income in taxes. Those with incomes below \$10,000 will pay an extra \$528 a year. Can you imagine, you have only \$10,000 and you have a family and you are going to pay an extra \$528 a year, an increase of 97 percent? That level should get a decrease.

* (2050)

On the other hand, a family with an income of more than \$100,000 will pay \$5,000 more, an 18 percent increase. So this is something that is hitting the elderly. It is hitting single-parent women, it is hitting people on social assistance, it is hitting the unemployed, and it is something that I think we all have to stand together as we are speaking in this House together to say that it has either got to go or major changes made in this.

One of the things it is called is a life-long burden—national sales tax, a life-long burden. Just to give you one example of the effect it is going to have is we are talking about hitting everything from the time that you bring home a new baby, where it is going to cost you about \$250 more to get ready for that new baby, to \$1,000 more for dying, for the cost of a funeral.—(interjection)—You are just looking a little peaked these days.

Some Honourable Members: Oh, oh!

Ms. Hemphill: But if that happens, and we hope it does not, I want you to know that before the hearse even reaches the cemetery gates, the tax will be applied to the floral arrangements, organ music, the shroud, the coffin, the mortician services, the tombstone, and even the hearse ride itself. That is just one example of how everything is going to be taxed. The elimination of food—and they say they are not going to tax food—

they do not yet have a clear definition of food, of what food is, what will be included in the tax, and what will be eliminated.

An Honourable Member: Do not tax carrots.

Ms. Hemphill: Not carrots. So I think this is an area that is very important. I really think that nobody in this House who has been elected should be taking exception to any Members of either the Government or the Opposition standing up and speaking out for their communities, for their constituencies, for low and moderate income, for people in the North, people in the rural area, for women, for single parents and the elderly. We make no apologies for that.

Mr. John Angus (St. Norbert): Mr. Deputy Speaker, I am sure that the Honourable Minister (Mr. Manness) will get his opportunity and I did not mean to pre-empt him.

Let me start by welcoming everybody back from their summer solace and say that I hope the next few weeks and month will be productive.

Let me begin by addressing the timing of the matter of urgent public importance, is it urgent, and is this the right time to do it. I believe that it is. I had hoped that we would have been able to discuss it intelligently in the spring. Unfortunately that was not possible, but I believe that when we see the Finance Minister of Canada trumpeting his way across the country in an effort to sell this particular tax we recognize that it is time to—and the earlier the better—stand up and say to the Government in Ottawa, wait a minute, we have some real serious concerns about this tax.

Policies are being formulated, Mr. Deputy Speaker. The rules are being made, the bureaucrats are hard at work trying to accomplish a vision that the Conservative Government in Ottawa sees as the best way to go. I think that now is the time because if we do not take an aggressive approach to expressing our concerns about this tax, we will find ourselves continually in a reactionary position. I do not know that we always want to wait for the heavy hand of Government to impose taxes and/or regulations and/or items of that nature on the citizens we represent and then start to scream. It is too late after the fact. We have an opportunity to respond collectively to the Members of Parliament. We can do it in the strongest possible concern and we should be expressing our concerns collectively.

We seem almost to be pulling together. The Government and the collective Opposition all want to debate this particular issue. It is not a "they defend a policy and we attack a policy" and the philosophical differences of those policies. We are all collectively saying there is something fundamentally wrong with this particular tax.

So, Mr. Deputy Speaker, what do we do about it? Well, we have to rely on the Government, the Government Members, the Minister of Finance (Mr. Manness) and the Premier (Mr. Filmon) to represent the collective concerns of Manitobans when they go

to Ottawa. We have to be assured that they are going to be representing all of our interests in the strongest possible fashion. What we should be doing is collectively working out a strategy. Each and every Minister of every department should be analyzing the cause and effect. What does this mean to the Telephones? What does this mean to hydro rates? What does this mean to gasoline? The total costs should be identified, the cost to Manitoba in real dollars and in hidden dollars. The hidden impact must be identified because if we do not identify it, how on earth are we going to be able to go to Ottawa with anything more than ineffectual rhetoric that we do not like it.

Nobody likes taxes, but unless we can actually go to Ottawa and say, Mr. Minister, this is what it is going to mean to us, this is what it is going to mean to our departments, this is what it is going to mean to our consumers and for these reasons we cannot tolerate it. Unless we bend our activities to addressing it in that fashion, all of this rhetoric is going to be useless. We collectively want to try and identify the cost of administering this tax; we collectively want to identify the costs of policing this tax.

Mr. Deputy Speaker, will there be a tax on tax? How are we going to administer that and how are we going to identify those specific problems? How do we ensure that business will not simply gobble up the supposed reductions that are going to be coming through and continue to market their product at the same price? Are those tax reductions going to be passed on to the consumer, and how do we ensure that they are going to be passed on?

Mr. Deputy Speaker, theoretically, liquor should come down by 10 percent. Right now there is a 19 percent tax on it. Reducing it down, taking the one tax off, putting the new tax in gives, in my simple mathematics, a 10 percent saving. But is that going to be passed on to the consumer? Is the Government simply going to pick it up? How is that going to work? What is it going to mean, and what is it going to mean to the economy of the Province of Manitoba if we suddenly have 10 percent less revenue in terms of taxation through the Liquor Control Board?

So, Mr. Deputy Speaker, we must identify how large the drain is on the increased public sectors, our municipalities, our school boards, all of those organizations. All of those people that the taxpayers support, all through their tax dollars, are going to be negatively impacted. We have to identify those issues. What will be the effect on small business in real dollars and in jobs, on the tourist trade, all of those things? Every single Minister of that particular Government should be specifically identifying those things so that we can collectively lend the strongest possible terms to the concerns that we have and deliver those in a forceful manner with positive indications as to what we want to see done.

But, Mr. Deputy Speaker, do we have a strategy to combat this unprecedented type of tax? Do we even actually understand it, or are we simply beating our gums in terms of frustration at an ever increasing tax burden? Do we wait until it is law to find out once again that it is too late, or is the Government prepared

to work collectively with the Opposition to develop a strong strategy that is going to help negate this impending tax due?

Thank you very much, Mr. Deputy Speaker.

Hon. Albert Driedger (Minister of Highways and Transportation): I think we almost had that right there. I also appreciate the opportunity to participate in this debate. In fact, last night, I do not know whether it affected other Members exactly, but I was relatively excited about getting back into the House after a 10-11 week holiday for some.

I was sort of anticipating like what are the issues of the day going to be, and, Mr. Deputy Speaker, I have to express some disappointment in terms of what happened here today, after the kind of summer we have had, to have dealt the first day with an issue of this nature. Not saying it is not important, but the fact is that I would have thought with all the issues out there that affect the province, I would have thought they would have zeroed in. I am not disappointed with the fact that there was a motion for emergency debate. I think that after being off for 10-11 weeks during the course of a summer that could be anticipated. I have some difficulty with the subject that the Opposition Parties chose to go on, because I would have hoped that it would have been some provincial issues.

* (2100)

Mr. Deputy Speaker, during the course of the summer it has been a very agonizing summer for many Manitobans. The fact that we had a major fire problem, we evacuated 23,000 people out of the North, I would have thought that these kind of issues would possibly, or provincial issues of any nature, and there must be others that are high on their agenda, that these would have come forward instead of dealing with a federal issue which has been dealt with to quite a degree by the Minister of Finance (Mr. Manness), by our Premier (Mr. Filmon). In fact, all the Premiers across the country have dealt with the goods and services tax. To take a day, the first day out of the return to the Legislature, to spend this kind of time, I am just wondering exactly what the public would feel like if they realized that on the first day back we have spent all day and all night dealing with an issue that is going to come into effect on January 1, 1991, and has had a fair amount of attention at all kinds of levels already, as a matter of major contention that we would take and use this as an emergency debate issue on the first day back in the Session.

In fact, Mr. Deputy Speaker, after the time that I have been here, I should never be surprised because things always change and there always are surprises. For myself, I felt some disappointment because if it was such a major issue then I know that we are not allowed to make reference to the lack—

Some Honourable Members: Oh, oh!

Mr. Deputy Speaker: Order, please. Order.

Mr. Albert Driedger: Mr. Deputy Speaker, I have lots of time. I just have a few comments, but I wanted to

raise that today. If it was such a burning issue, I would have thought there would have been heat during the course of the afternoon and tonight as well, and it seems that the heat has evaporated. So I anticipate that had we had Session the first week of July, we would have had an emergency debate dealing with the fire issues and the evacuation of the people of the North. Maybe two weeks later there would have been another provincial issue that we should have dealt with in an emergency debate.

When we have 10 to 11 weeks of time off from the Legislature during the summer, I repeat again, I feel that this is not an issue that should have qualified for emergency debate, because as many —(interjection)— Mr. Deputy Speaker, between now and when the tax is being implemented, repeating again the fact that strong positions have been put forward by our Premier (Mr. Filmon), by our Minister of Finance (Mr. Manness)— and our Minister of Finance incidentally I have to say I think is one of the most popular Ministers of Finance that I have seen for a long time, federally or provincially, and I do not want to necessarily blow his horn.

Realistically, I want to tell Members of this House that if you look at the history of Ministers of Finance, whether it is provincial or federal, ultimately are not popular people because they have to deal very hard with the issues of the day. I have to say that this Minister of Finance that we have in Manitoba after this last budget is a very popular Minister of Finance. The fact that he has acted responsibly in his position to the federal Government in conjunction with the Premier's position indicating our opposition to the goods and services tax that has been contemplated that is being brought forward as of January 1, 1991, I feel that our time today could have been spent much more effectively dealing with issues that pertain to the provincial jurisdiction.

We have very little jurisdiction in terms of what happens with that tax, other than to lobby. I feel some allegiance to that position in the same way as when critics criticize myself as Minister responsible for Transportation in terms of what happens if it is Via Rail, because I have put my position forward to the federal Government indicating I am not happy with what they are doing with Via Rail.

I am not happy with many issues basically that the federal Government does. Mr. Deputy Speaker, I am not always happy with what my department does, so I do not think there is anything wrong with us as a Conservative Party for the Province of Manitoba being critical of the federal Government. If we feel that we are not happy with what they are doing, we should be able to raise our voice and do that and lobby that. We have done that and I have done that with Via Rail. I have done that with CN; I have done that with many issues with my federal counterpart, raised the concerns and said I am not happy with what you are doing, and that is what has happened. It has happened, prior to today, from this Government to the federal Government saying we are not happy with what you are doing with that, consult with us. We have other issues dealing with their federal counterparts that we are not happy with. They come up and surface time and time again. I think that is a normal thing.

As I indicated before, I am not always happy with what happens within my system, my own department. So the fact that I think we are allowed to be critical, I think we should raise issues. I think the federal Government is getting the message very strongly when 10 Premiers say we are opposed to that tax. It is probably more effective than spending the whole day, the first day in the Legislature here, debating that issue. So we say, okay, this is politics and this is the place where politics takes place. It was the issue, supposedly, of the day for the New Democrats.

Mr. Deputy Speaker, I have to say I find it interesting the sort of competition that goes on between the two Opposition Parties. As I have indicated before in this House, it is a new experience being a minority Government, not to see the two Parties trying to jockey for the role of the Opposition is interesting. I find that very challenging just to see how the play goes, when they get at each other, where the Liberals said we introduced it, you did not support us, now the third Opposition Party introduces it. Then they figure, well, this is a good enough issue that we can raise the emotions and do something with it. Well, that is what we are here all about, I suppose, but I sometimes feel, Mr. Deputy Speaker, that the public, if they saw exactly the kind of effort that was expended today on this issue and the questionable effectiveness of it, I wonder how impressed they would be about it.

Not belittling the fact that there is genuine concern out there about this tax, and many people not understanding exactly what it is all about, I mean that is part of it. But any time you talk about raising taxes, automatically there is concern, and if you want to do that you had better explain to the public why this has to be done and exactly the effect it is going to have on everybody individually.

The question gets raised, how does it affect my department or any department? Mr. Deputy Speaker, we are trying to establish that any time you raise taxes it affects people, it makes me nervous. When the municipality raises my house taxes I get nervous, I wanted to know why. So that is an understandable reaction and I think the public of Manitoba have raised their concern. We, as Government, will continue to raise that concern with our federal counterparts, but I hope that in the forthcoming days we can spend our time a little bit more effectively in this House than we have. Thank you.

Mr. Jim Maloway (Elmwood): I did want to observe at the outset that this "No to 9" campaign that is springing up across the country has developed quite a head of steam. I think what disturbs me about it, if anything, is that some people are involved in it for perhaps the wrong reasons. We all know that Governments need money to operate and they have to tax to do that. There are certain elements of the right wing involved in this group who do not believe in taxation at all, who want to organize a tax revolt, and basically they are opposed to taxes and Government's role, in principle.

So as far as it goes, we have to accept that taxes are a reality and they have to be collected. The question

is how much, from whom and what type. My preference, of course, would be to put the emphasis on the income tax system as opposed to the sales tax system.

I wanted to deal briefly with some of the misconceptions and outright lies that I have been hearing on both sides of the issue. For example, the federal Finance Minister has been caught in an outright lie when he stated that this initiative would be revenue neutral. We know that is not true but on the other side of the coin, I heard the Member for Sturgeon Creek (Mrs. Yeo) earlier tonight talk about how this tax was going to be applied to every portion of the process, so that if you took lumber out of the forest and took it to the sawmill and cut it up there would be 9 percent and then another 9 percent when it goes to the cabinetmaker and, to use her logic, this thing would be a 90 percent tax on the product.

To the Minister of Health (Mr. Orchard), that is the kind of misinformation that has been going on out in the public and of course she has not given the balance that is due there to say that, in fact, at each stage of the process the people, while they may put up the 9 percent, will get a piece of it back. In fact, there will be a 9 percent attached to the final purchase price of the product. The manufacturers in this country—and why is this tax being brought in at 13.5 percent—are supposed to be a group that are in favour of this tax. Of course they are in favour of this tax because, what does it do? It reduces their 13.5 percent that they are now paying on their manufactured goods and reduces it to 9 percent, so why would they not be in favour of a 9 percent versus 13.5 percent?

* (2110)

We also know that it is likely they are going to capture this extra 4 percent and put it in their own pockets. It really takes a lot of imagination to believe that for some reason the manufacturers are going to automatically, when this tax comes in, reduce the price of their manufactured product by 4 percent. Does anybody here seriously believe that a manufacturer is going to do that? I do not think that they will. I think there may be some larger companies that are easily policed that will do that, but I think that in a lot of instances that 4 percent will be eaten up. They have argued that they need to eliminate the manufacturers tax because a large number of the manufacturers currently under the tax are finding their way out of the system, that in fact they are not paying their fair share, and so they have decided to—

An Honourable Member: Tax everybody.

Mr. Maloway: —tax everybody, that is right. So in order to make industry more competitive with the Japanese or the American economy, what they have done is they are basically going to now subsidize those industries by making the consumers pay this 9 percent tax on a whole plethora of services and goods that they were never taxed on previously, from haircuts to whatever—

An Honourable Member: Not haircuts.

Mr. Maloway: Well, haircuts are included—so what you have is another shifting of the tax burden onto

people who are least able to pay and away from the manufacturers.

I think that fortunately we have another year before this tax becomes a reality and fortunately, if the past is any teacher, we know that when faced with a lot of public pressure back in 1984-'85 over the de-indexation of the senior citizens pensions, the Prime Minister did back down. So there is some hope that if the campaign built up a certain head of steam, the federal Government may modify this tax or back down to a certain extent.

The fact of the matter is we know that the revenue has to be brought in by some means, and of course our preference in this Party would be to raise it from the people who are more able to pay it. People like the Health Minister (Mr. Orchard), people like the Leader of the Opposition (Mrs. Carstairs) have resources that are greater than a lot of people in this province and they should be able to, they should be willing, they should be coming forward, offering to pay more than their share of the debt.

Mr. Deputy Speaker, this Government has a problem because it is in a minority situation. I know that there are certain Ministers, the Minister of Health (Mr. Orchard) being one, who are getting irritated by the day, maybe by the hour, that their privatization plans are being put on hold and nothing is happening because their Leader blew two elections in a row and left them in this sorry state that they are in right now. They are not happy about that and they have to—(interjection)—Well, that goes without saying, but they have to tolerate this current situation, this increasingly untenable situation being on a short leash which can be reigned in at any time. I can see where they are chaffing at the bit, but nevertheless they will have to—(interjection)—Well, I mean that is not obvious. You were supposed to be the winners. We accepted our fate, we knew that was going to happen, but you did not.

The Minister of Finance (Mr. Manness), when we were on CBC Radio together with the current Member for St. James (Mr. Edwards), told me that he thought 45 seats would be in order. He said, but we do not want too many because we do not want disgruntled backbenchers. He probably has some of those anyway. They are beginning to learn to live with the circumstances they find themselves in. We may find ourselves a couple of years from now still here and making the same speeches and contemplating the next election.

One of the speakers from the Liberal Party mentioned that this tax was good for accountants—no, I believe he left accountants out—but good for accountants and cash register salespeople, and to a certain extent that is certainly true. Whenever the tax system is changed, it is changed to the benefit of, once again my favourite, the lawyers, and the accountants certainly get their piece of the action. The Liberals, when we talk about the tax system and the way it is full of loopholes that favour the rich, we have to realize who were the Government in Ottawa who brought in this federal tax system that we have right now. Were they not John Turner and Jean Chretien? They were in power for the last God knows how many years, and they are responsible for this current tax system that we have.

So for them to be so self-righteous about things and to say that they have—the current federal Government has doubled the deficit in the last four years. They certainly have not improved matters all that much, but they were the architects of what we have right now. They laid the foundation for all that they find to be so reprehensible in 1989.

So, Mr. Deputy Speaker, I did want to spend a minute or two if I have a minute or two. That is about it?

An Honourable Member: Unless you make more sense than you have to this point.

Mr. Maloway: Well, I have not a good audience. I thought that the majority of the Members on this side would be asleep by this time, but that is not the case.

Mr. Deputy Speaker: The Honourable Member's time has expired. The Honourable Minister of Industry, Trade and Tourism.

Hon. Jim Ernst (Minister of Industry, Trade and Tourism): The first thing—

Mr. Deputy Speaker: Order, please; order, please. The Honourable Minister of Industry, Trade and Tourism.

Mr. Ernst: —I want to point out, that at 1:30 this afternoon, heaven and hell would have to be moved. We had to have an emergency debate on this very urgent, important question and look at the Opposition benches. Where are those people who required to have an emergency debate today?

Mr. Reg Alcock (Opposition House Leader): Mr. Deputy Speaker, the Honourable Member knows that it is quite improper to note the absence of other Members in this House. I have been sitting here and enjoying this debate all evening.

Mr. Ernst: Heaven only knows I would not want to be unparliamentary, but I believe it is only unparliamentary to point out the absence of an individual, not of a whole group, Mr. Deputy Speaker, not of the fact that three-quarters of the Opposition Members were not in the House. We had only four or five from the Liberal bench and a couple from the NDP bench, when they were talking about having an emergency debate on this very, very important issue.

Is that the importance that is attached to an emergency debate? Is that the importance that they want to bring out to the people of Manitoba? I suggest not, Mr. Deputy Speaker, two recorded votes today, wasting the time of the House, substantial wastage of time of the House, to have this important debate, and where are they? They are not here.

Mr. Deputy Speaker, the question of the proposed federal goods and services tax is not one that anyone appreciates. I do not think any of us are supportive of a tax that is going to harm industry. It is going to harm tourism, it is going to harm individuals, it is going to harm families in the Province of Manitoba.

Some Honourable Members: Oh, oh!

Mr. Deputy Speaker: Order, please.

Mr. Ernst: We are not proposing that tax. That tax is put on—proposed by the federal Government, not by this Government—by the federal Government of Canada. They have their own financial problems.

Some Honourable Members: Oh, oh!

Mr. Deputy Speaker: Order, please. The Honourable Minister of Industry, Trade and Tourism has the floor.

Mr. Ernst: We did not put on this tax. This tax, as has been indicated throughout the debate today, has been put on by the Government of Canada. It is their issue, Mr. Deputy Speaker. It is their financial problem and it is their problem to deal with. Now we recognize the fact that this will have impacts on Manitoba and we are concerned about those impacts, so concerned that the Premier took that issue to the Canadian Premiers' Conference and convinced his colleagues there, all 10, of a variety of political stripes, that this issue was something so important that the Premiers of Canada had to speak out on a national scene and to bring the attention of the federal Government the fact that this tax was going to have significant impacts on the people of Canada and on the individual provinces.

Mr. Deputy Speaker, that was leadership. That brought forward the issue to the people of Canada on a national scale, not somebody, as was indicated earlier in the day, crying in the wilderness from the backbenches of the Opposition, but brought it to the forefront, brought it to the attention of all Premiers of Canada and brought it to the attention of the federal Government in a very strong and forceful way.

We have major concerns about this tax. The Finance Minister has indicated what those concerns are, other Members of this bench have indicated what those concerns are, and we are concerned that those are addressed. We do not want to see a tax that is going to create inflation; we do not want to see a tax that is going to harm our second biggest industry, tourism.

But, Mr. Deputy Speaker, at the same time we have to address the question of what happens to our manufacturers. Just a few months ago we had a differential of 20 or 25 percent in the value of the Canadian versus the U.S. dollar. That has shrunk significantly. We are down perhaps in the area of 15 cents and that makes our industries less competitive in the U.S. market than they were in the past. A 13.5 percent federal sales tax on manufactured goods that are exported is another concern that we have to deal with. We have to make sure that we are as competitive as possible in the North American marketplace in order to ensure that our businesses continue to export and can continue to create the many hundreds and thousands of jobs that are required and needed by the families of this province. It is fine to stand up and say we are going to have concerns about the costs of a family, but let me tell you, if that family does not have a breadwinner, if the people in that family do not have jobs, that is the most significant impact of any.

So we have to find a way of melding these two. We want to work with the federal Government to determine a better arrangement for tax reform in this country and, Mr. Deputy Speaker, the offer of our Minister of Finance (Mr. Manness), the offer of our Premier (Mr. Filmon) to do just those things with the federal Government is longstanding. We are hopeful that they will see the light of day, that they will get together with the provinces and attempt to work out a reasonable taxation system for this country that meets all of our needs, including those of deficit reduction and tax reduction in this country. Thank you.

Mr. Kevin Lamoureux (Inkster): First I want to make reference to the whole question of attendance. The Minister of Sport (Mr. Ernst) interrupted—

Some Honourable Members: Oh, oh!

Mr. Lamoureux: Mr. Deputy Speaker, we are only trying to be somewhat courteous because the Member for St. Norbert (Mr. Angus) had taken Mr. Driedger, the Minister of Highways' position, so in names of being courteous, we thought we would let Mr. Ernst speak at that time. Referring, as I say, to attendance, in walking in here at eight o'clock this evening it was the Official Opposition that came in and ensured that there was a quorum, that there were only two Government Members in at eight o'clock. The Liberal Party, or the Official Opposition, has saved your Government on numerous occasions when it comes to quorum, and if we want to talk about who should be embarrassed, it should be that side on multiple occasions. Whether it is in the Estimates room, whether it is in the Chamber, it has been the Official Opposition that has come in here to ensure that a quorum is still here.

The Minister of multiculturalism wants to say something.

Mr. Deputy Speaker: The Honourable Minister, on a point of order.

Hon. Bonnie Mitchelson (Minister of Culture, Heritage and Recreation): Let the record show very clearly that this was an Opposition issue today. The Opposition and both Opposition Parties demanded an emergency debate on a federal issue, Mr. Deputy Speaker, and we note that there are six Members of the Liberal Opposition sitting in their seats right now.

Mr. Deputy Speaker: Thank you for that point of order. The Honourable Member for Inkster has the floor.

Mr. Lamoureux: Obviously the Minister is unable to count. I count seven Members of the Official Opposition here.

Mr. Deputy Speaker, we in the Official Opposition say that the goods and service tax is something that needs to be debated today. In fact, it should have been debated back in June. Unfortunately the NDP, the other Opposition Party, did not see it that way. Instead, what they find is now today is the day that they go for emergency debate. Why are they taking today? They are going today because strictly of political reasons. I found it somewhat humorous, I thought it was

somewhat humorous when the Member for Logan (Ms. Hemphill) stood up today and she says, no, it is the NDP that have the GST sales tax issue. If I have ever heard a joke that is it.

I was going to bring in the Webster Dictionary to look up the word hypocrisy and read it out loud, but then I thought instead of reading a definition of hypocrisy I would give some comments regarding the New Democratic Party. You want to talk about hypocrisy, let us talk about who has put up the sales tax previously, from 5 percent to 6 percent. Which Party brought in the 2 percent flat tax, Mr. Deputy Speaker? Let us talk about hypocrisy. All we need to do is look to the left, and the Conservatives are no better.

The Conservatives have found a way to beat that one. They want to ram down the throats of every Canadian 9 percent general goods and service tax. The impact on that, Mr. Deputy Speaker, will be unbelievable. This particular tax is supposed to be revenue neutral. Well, revenue neutral tells me that \$14 billion—that is the tax it is supposed to replace, that is the manufacturing tax—is somewhat lower than the estimated, from what I understand, \$20 billion, \$30 billion. This is something that I classify as not revenue neutral.

Mr. Deputy Speaker, there is no guarantee regarding the manufacturing tax. If the federal Tories bring in this particular 9 percent tax, goods and services tax, hopefully the public pressure and the goodwill of all the provincial Chambers across this country will apply enough pressure on these particular governing Tories in Ottawa to withdraw this 9 percent goods and services tax, because there is no guarantee you are going to see commodities go down. There is a guarantee that you will see that 9 percent, and the scary thought is how easy it will be to raise it from 9 percent to 10 percent and so on.

All we need to do, Mr. Deputy Speaker, is look at an example. You take a couch, a \$1,000 couch, you add \$90 tax, which would be the goods and service tax, then you have \$70—well, this is actually where we are not too sure. Will the provincial tax be a cascading tax? Will they charge \$70 on that \$1,090 or will it be \$76.30? This is something that we just do not know because the Government is scared to stand up and say what they are going to do. Will it be a cascading tax or not? It is a simple question, why can we not get an answer? If it is not going to be a cascading tax, are we going to be looking at having the 7 percent lowered to 6.5 percent so that at least here in Manitoba the consumers will not have to pay, that in fact it will be a revenue neutral tax at least on the provincial level? This is a responsibility that the Government should be taking seriously. Obviously they are not.

The number of civil servants who are going to be needed, Mr. Deputy Speaker, we are going to have provincial tax collectors along with federal tax collectors. Who is going to pay the bill? Again, it is going to be our taxpayers. It is not a good way of spending taxpayers' money. I must say I am somewhat disappointed in listening and hearing Minister after Minister stand up to talk about the goods and services tax. We heard them, in my opinion, not taking a strong

enough line, saying that this tax—well, they agree with the Premier (Mr. Filmon) who says that he does not like this tax and so forth, but there is really no commitment on that side. I do not see them standing up for Manitobans and saying this tax is something that we just will not sail.

I see my light is on and I will leave it at that. Thank you very much for the opportunity to speak.

Mr. Darren Praznik (Lac du Bonnet): Mr. Deputy Speaker, it gives me great pleasure to participate in this debate after listening to so many remarks made by my Members opposite.

I am also pleased to see that my colleague, our friend the Member for Inkster (Mr. Lamoureux), has realized that there is politics involved in this particular debate. That should come as no surprise because I think that has been the essence of this whole first day back in the Legislature, as one big political show. The number of Members on the opposition benches, particularly the Liberal benches, who are here participating in this debate speak to their true interest in this particular subject.

* (2130)

The Member for Inkster (Mr. Lamoureux) talked about the hypocrisy of the New Democratic Party. I would remind all Members of this House, indeed Manitobans, that when the first tax break, the first tax break to Manitobans in living memory was put before this House, it was not the Members of the New Democratic Party who got up and voted against it, it was the Members of the Liberal Party opposite. Mr. Deputy Speaker, that is hypocrisy in its truest sense, real hypocrisy.

The Member for Inkster (Mr. Lamoureux) also made reference to the tax, the goods and services tax and to the goods and services tax, the purchase of a couch and how this tax will apply, and where the sales tax will fit it. I am glad those questions are being asked, the questions that I am asking. There is one little bit of information the Member for Inkster did not include and that was the removal of the manufacturing tax to that particular couch. I am not sure what level it is. I think it is 13.5 percent on furniture. So on that particular couch you can take off 13.5 percent before you apply the 9 percent in the sales tax. So that couch—a Member asks how can you guarantee? That is a very legitimate question and that is one that our Government the Minister of Finance (Mr. Manness) and those in Consumer and Corporate Affairs are trying to ensure happens, but we do know that today the consumer in his constituency pays that 13.5 percent and not once did I hear the Member for Inkster talk about its removal with its part of the package.

Today, the Minister of Finance (Mr. Manness), Members of the New Democratic Party, the Member for St. Norbert (Mr. Angus) asked some very legitimate questions about how this tax is going to be implemented. Mr. Deputy Speaker, that is a large part of the crux of this issue. We have to make sure that those things happen, but I think you have to also be fair when you are talking about this tax to tell your

constituents, to tell the people of Manitoba about the removal of the manufacturers tax.

If you are a consumer of manufactured goods, and everybody in this House and everyone has constituents who are paying that tax presently, you have to work that into the formula if you want to be fair. If you just want to play politics with this issue, as the Members Opposite would like to do, of course, you are going to ignore it.—(interjection)—Well, exactly, the Member for Riel (Mr. Ducharme) points out and the Member for Inkster (Mr. Uruski) made that if there is ever a reason for having a debate, it is to get out the correct information and to discuss it. We certainly have not heard it when Members are not working that into their particular formulas.

In the short time that is allowed to me in this debate today, there is a comment that I would like to put on the record. I think it is a concern that many Manitobans have, indeed my constituents have. I do not think people mind paying increased taxes when they see their money used wisely to provide the necessary services that we as a society determine should be there.

There is an obligation on the federal Government, and I think it is very clear, to get their own spending where they have discretion in their own administration into line. I do not think that the vast majority of Canadians have seen the kind of effort in getting that spending into line in tightening up on their own management of cutting out that flow that our Minister of Finance (Mr. Manness) has been able to do in Manitoba in the last year and a half, the kind of savings that he has been able to bring to our taxpayers. A savings that resulted in a tax decrease which the Members of the Liberal Party voted against. That kind of effort the people of Manitoba and Canada want to see on the part of their federal Government. They want to ensure that many of these issues that the Minister of Finance has raised in his speech today and over the previous months are met. They are concerns that all of us in this House share, that all Manitobans share. That kind of ignoring one fact and harping on another is not going to resolve those particular issues.

The message I would like to leave and contribute to this debate is that certainly there is a lot that we must do. There is a lot of work to be done and it is being done. It will not happen overnight. Those models do not exist in the Department of Finance. There is a lot of intensive ground work that is being done that is not going to happen overnight, but we should also be saying to our federal Government, "work at getting your own spending in line."

Yet, I hear from Opposition Members continually when the federal Government does make an attempt to do that, whoa, they cannot cut this, they cannot control this, they should not be doing this. We cannot have it both ways all the time in the country. If we do not want to see increased taxation, we also have to be prepared to see tighter and more efficient administration of programming in Government. That is one thing that I ask that our federal Government should be doing and that is one very severe criticism that I have for them. Thank you, Mr. Deputy Speaker.

* (2140)

Ms. Judy Wasylycia-Leis (St. Johns): I am pleased to participate in this very serious emergency debate sponsored and initiated, supported by the New Democratic Party Caucus.

Mr. Deputy Speaker, I am pleased also to wrap up the speakers from this side of the House, from the New Democratic Party Caucus, and to comment on the fact that every single Member of ours present today has spoken in this serious debate, has taken this matter very seriously. I think that stands in stark contrast to the participation by Members of the other two Parties in this House, particularly the Members on my right, Members of the Liberal Party, whose enthusiasm in this debate and level of participation has certainly been questionable and certainly makes us all wonder how strong they are in their opposition to this most regressive, horrific, damaging tax that this country has ever seen.

Mr. Deputy Speaker, of course we must not forget that the contribution and the comments made by Members in the Government, Members to my left here today, have been not exactly edifying or clarifying in terms of their questionable position, in terms of their mixed message that has been coming from Members of that side. There is a great deal of confusion among the Manitoba people today because of the comments that have been coming from the likes of their Minister of Finance (Mr. Manness), from the Premier (Mr. Filmon), from other Members of the caucus, that certainly does not send a coherent, cohesive, sound, solid message to the people of Manitoba.

Having said all of that, Mr. Deputy Speaker, I want to start off my remarks by saying—

Some Honourable Members: Oh, oh!

Mr. Deputy Speaker: Order, please. Order.

Ms. Wasylycia-Leis: —I am pleased that all Members in this House have decided that this resolution put on the books by the NDP Caucus, initiated by the NDP, has received the support of everyone in the House, and that it has been recognized today that Manitoba must debate this issue and must present a clear message to the Manitoba public. I want to say that I take a great deal of pride in the fact that my Leader, the Member for Concordia (Mr. Doer) and all Members of this caucus realized from Day One the devastating impact of this tax on the average Canadian family, recognized the obligation we had to stand up immediately and pose it and to embark upon an aggressive campaign to seek the opinions and comments of the Manitoba public—

Some Honourable Members: Oh, oh!

Mr. Deputy Speaker: Order, please. Order.

Ms. Wasylycia-Leis: —and present that voice, that voice of strong opposition to this tax to Mike Wilson and Prime Minister Mulroney.

Mr. Deputy Speaker, tonight we have heard a particular focus from the Government of the Day here

in Manitoba, that focus primarily on the impact that this tax will have on tourism, a legitimate concern, a good point, but somewhat lacking in terms of the overall impact that this tax will have on Manitoba individuals and families.

We heard some disjointed remarks from the Liberal Opposition about this. I am not sure if we heard one particular message, and perhaps that is because they are in a dilemma. They are a part of a political Party that has not had a good record on progressive taxation, and in fact they have been part of a Party that has actually put in place a very regressive taxation system in this country.

* (2140)

Some Honourable Members: Oh, oh!

Mr. Deputy Speaker: Order, please. Order.

Ms. Wasylycia-Leis: In sharp contrast to the fuzzy messages and incomplete responses we are getting from both the Conservative Caucus and the Liberal Opposition, in sharp contrast to that is the position of the New Democratic Caucus, a position that from Day One has focused on the incredibly damaging impact that this tax, the GST, will have on working families in Manitoba and everywhere across this country.

* (2150)

Let us be clear in our understanding of the impact of the goods and services tax. Let us be clear on the devastating impact that this tax will have on the quality of life in our country and on the ability of families everywhere to provide the kind of life and to provide the kind of services that are so vital to the future of this society.

Mr. Deputy Speaker, let me take a few moments and point out just how devastating this tax will be on families, and let me also take a few moments and point out how particularly devastating this tax will be on women in this country.

We have had figures from this Government's own Department of Agriculture about the cost it takes to raise a member of a family from the age of zero to the age 18. I am sure the Minister of Agriculture (Mr. Findlay) will probably remember these statistics. His own department has estimated that it already costs in the neighbourhood of \$123,000 to care for an individual from the age of zero to 18.

We know the burdens on families to date. We know that this tax, the GST, will add hundreds of dollars more on top of that incredibly overwhelming burden that families already face in this province and in this country, even with the most generous calculation a minimum of \$629 per family just on the basis of this tax alone. That does not include all of the other negative impacts that the federal Tory budget will have on Canadian and Manitoba families in addition.

This tax makes it very difficult for families - (interjection)- Mr. Deputy Speaker, the Minister of

Agriculture (Mr. Findlay) is heckling from his seat when he knows full well the burden that this tax, that the GST tax, will have on families, particularly families in rural Manitoba.

Let us start with some of those facts. This tax will have an impact on families everywhere, particularly working mothers. Prepared food for takeout will be taxed, we all know that. The Government is again punishing families where parents are working; punishing women who must work outside the home—although I am sure I will get the usual regressive comments from Members of the Conservative Government when it comes to this issue—to make ends meet and who do not have the time to cook meals from scratch, to make their preserves, to cook their own meals, to bake their own bread. Not only is the Conservative Government reneging on child care—and this Government is reneging on child care as well, let there be no mistaking on that point—but it places an added burden on working parents everywhere. It taxes them to death, it literally taxes them to death.

You know, Mr. Deputy Speaker, let us remember, this new tax will even apply to coffin and funeral services. You have heard it from my colleagues before, but let me repeat that the GST is a regressive tax. It taxes consumption, rather than income. The Premier (Mr. Filmon) says he has that. Well, I hope he is going to take that message and say it loud and clear and ensure that his colleagues across this country hear the message and particularly the Prime Minister of this country takes note. Everyone pays the tax no matter what their income.

Brian Mulroneo pays the same tax at the cash register as a single mother with three kids. Finance Minister Michael Wilson feels it is best to tax poor and middle-income Canadians than the thousands of large profitable corporations in this country. Mike Wilson would rather tax diapers, Mr. Deputy Speaker—and I hope the Premier is taking note of that—he would rather tax diapers and children's clothes than corporate polluters that spill toxins into our rivers and lakes and oceans; that make land unsafe for our children to play on, and that destroy the air we breathe on.

(Mr. Speaker in the Chair)

Mr. Speaker, I appreciate the fact that my time has run out. Let me conclude my remarks by simply saying let us focus together, as Members of this Legislative Assembly, on the impact of this tax on families and let us be united in our opposition to the federal Government. Thank you, Mr. Speaker.

Mr. Speaker: Order, please. The Honourable Member's time has expired. The Honourable First Minister.

Hon. Gary Filmon (Premier): As I listened to all of these speeches being made today on this so-called emergency debate, I had to think of the quote from the old movie, I think it was, "Is that all there is?" All I heard, back and forth was arguments by the New Democratic Party and the Liberals as to who was most aggressive in their opposition to the GST. Who had the most news conferences? Who did not support whose

motion in June on an emergency debate? Who had collected the most coupons on this, Mr. Speaker?

All through it all, of course, it is their regard for the parliamentary process that I really had to take issue with. They do not care about the Rules, they do not care about the business of the House, they do not want to debate the Estimates of the Department of Family Services that they say they are so concerned about. They do not want to debate the Estimates of the Department of Health that they say they are so concerned about, the capital plans or education, or any of those things. All they want to do is argue over who is being more aggressive in their opposition to the tax. That is all we hear through this whole thing.

The Member for Inkster (Mr. Lamoureux) says, oh, we were here looking after the quorum, we are the big heroes in this whole debate, that makes us the strongest opponents to the GST, because we were looking after the quorum in the House at eight o'clock. This is absolutely the most absurd debate that I have ever heard. Everybody is arguing about who has been more macho in this whole opposition, who has collected the coupons, who has had all of these things. It is absolutely ridiculous, Mr. Speaker.

They get their ears pinned back in Question Period because they have been waiting for two-and-a-half months to get in here and get at the real business of the House, they cannot even come up with any questions. The Member for Concordia (Mr. Doer) is afraid to ask the Premier (Mr. Filmon) a question. He is sitting there prattling away, heckling away. He is afraid to ask a question, but boy oh boy, are these people macho, these are macho people here—absolutely ridiculous, Mr. Speaker. All you hear is no, we are more opposed, no, no, you are not more opposed, we are more opposed, we have done more, we have held more news conferences—that is all we hear.

Mr. Speaker, I have to tell the Leader of the New Democratic Party (Mr. Doer) that the public will not be impressed. They are not going to be impressed with this whole debate of his, this whole so-called emergency that he has put on here. I know that we are going to go through the same charade tomorrow when the Liberals are going to have an emergency debate on the actions of the Minister of Family Services (Mrs. Oleson). This is their way of showing that they have all of this very important business to conduct; but the fact of the matter is that it is all pure political posturing, it is all grandstanding. None of them really cares about the substance of the issue. It is all political grandstanding. You know what the interesting thing is?—that the public knows exactly what they are up to, and the public does not give them any credit for anything they are doing, because the fact of the matter is they know that it is all political posturing.

Then, of course, what you have to do is look at their abysmal records to know why the public does not believe them one little bit.

What is the Deputy Leader of the New Democratic Party crying about just now? She is crying about the fact that the GST is going to have an immense effect on families. Well, we agree that it is going to have an

immense effect on families and we are concerned about that, Mr. Speaker, but what did the New Democrats do to the families of Manitoba? You know what they did? During the period that they were in Government, that dark six-and-a-half years, their increases in personal taxes cost each family \$1,997 per year more in taxes that they took away, almost \$2,000 per family.

Now Members of the Liberal Party, I know, remember full well. Even though they were not in Government, they can recall those dark days of New Democratic policy. They can remember what they did in this province. Sales tax, a consumption tax—is that not what they are arguing against?—sales tax up 40 percent, sales tax increased from 5 to 7 percent under the New Democratic Party, Mr. Speaker. What else did they do? They raised personal taxes, plus the surcharge, plus that infamous 2 percent tax on net income.

Who did they protect from those taxes? Absolutely, of the families in this province, nobody. People earning less than \$20,000 were hit with that tax, Mr. Speaker. People earning less than \$20,000 when that tax was in were hit with that tax, every single family regardless of means, regardless of income. So when they start expressing their so-called concern for families, there is not one Manitoban who is going to give them any credit or believe them, because when they had a chance they hit them with every possible tax they could think of. Then they added the payroll tax and then they added the land transfer tax. The corporate capital taxes went up and every single thing went up. You know what? They still did not reduce the deficit. In fact the deficit, during their seven budgets, averaged \$500 million a year despite all those tax increases. So who do you think is going to concern themselves about the bleating of the New Democratic Party? Not one person in this province is going to take them seriously, Mr. Speaker.

What are the Liberals doing? The Liberals, of course, are joining on the bandwagon. They do not know what is happening, but if anything is happening they are going to be a part of it. So they get on with this—when this resolution comes up in the House they want to be a part of it. They want a piece of the action, but what do they do when they have the power of control over a public purse? What do they do?

This Government is reducing taxes to families, \$61 million in tax cuts. The Liberal Party of Manitoba is opposed to it. This Government is reducing the payroll tax. What is the Liberal Party of Manitoba doing? They are voting against it, and you know why? Because the Liberals, of course, believe that a payroll tax is a good thing. We are getting rid of it in Manitoba and the Liberal Government of Ontario introduced a payroll tax. That is the problem with the Liberals. That is what their priorities are, to raise taxes, up goes the payroll tax.

We reduce personal income tax rates by 2 percent in this province, the new Liberal Government of

Newfoundland under Clyde Wells—that these people use as their reference point, they phone up for advice—increased the personal taxes by 1 percent in his first budget.— (interjection)— That is what he did and those are their principles. We know that it all goes back to their training. I mean, they worship at the shrine of Pierre Trudeau. Jean Chretien is the saviour. What did those people do when they were in the federal Government? They went from literally no deficit to an annual deficit of \$35 billion over a space of less than 10 years.

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please; order, please. The Honourable First Minister started his time at 9:48.

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please; order, please. The Honourable Government House Leader.

Hon. James McCrae (Government House Leader): Mr. Speaker, maybe you might ascertain whether there would be leave for the First Minister to—

Mr. Speaker: Does the Honourable the First Minister have leave? No.

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please; order, please. The Honourable Member for Osborne.

Mr. Reg Alcock (Opposition House Leader): In the very short period of time available to me, I will attempt to answer the First Minister's question about why we vote the way we do.

I think this tax is dead; I think it is gone. I think it will be withdrawn and rewritten extensively. I am surprised, frankly, at this debate today at how much support there is for this tax on that side of the House. I am surprised at how little preparation this Government has undergone to prepare itself to enter into these negotiations. I am surprised at how many times they brought out the old "going to drop the 13 percent down."

I am voting against this because I am tired of being lied to. I am tired of being misled by the federal Government.

Mr. Speaker: The hour being 10 p.m., this House is adjourned and stands adjourned until 1:30 p.m. tomorrow (Tuesday).