



The 1997 Manitoba Budget Address

The Honourable Eric Stefanson
Minister of Finance
March 14, 1997

*Manitoba is
Working!*

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The cover celebrates the 1997 Canada Games
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THE 1997 MANITOBA BUDGET

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Madam Speaker:

Today's Budget is a milestone for the people of Manitoba and for our Government. Our tenth Budget caps nine years of careful and consistent stewardship of Manitoba's financial and economic policies. I feel deeply privileged to present this landmark Budget to the citizens of our province.

Manitobans are already seeing the benefits of our recharged economy through an abundance of new jobs and entrepreneurial opportunities, and through the securing of vital services to children and families. Madam Speaker, our stable and secure finances also open up new avenues for all Manitobans to take advantage of the opportunities presented to them.

This is a key Budget, Madam Speaker, because it signals the beginning of an era of unprecedented opportunity and achievement for the economy and the people of Manitoba. It is key, Madam Speaker, because it says to our children, the leaders of tomorrow: you have a future in Manitoba. A future which does not bring with it the spectre of debt, but a future filled with the promise of prosperity.

Madam Speaker, for the first time since my children were born, indeed for the first time in a generation, we have a Budget which projects a surplus for the third consecutive year.

By continuing to put our fiscal house in order, we are guaranteeing a better tomorrow for all Manitobans.

- Madam Speaker, this Budget is truly historic. This Budget launches the first sustained attack on the Province's debt since the 1950s.
- This Budget continues our Government's commitment to protecting and enhancing health care, education and support to children and families.
- This Budget has no new taxes and no tax increases.
- This Budget extends Manitoba's freeze of major tax rates to a full decade.
- This Budget provides strategic targeted tax reductions.
- This Budget invests in Manitoba's hospitals, schools, and roads.



This is a key Budget because it signals the beginning of an era of unprecedented opportunity and achievement for the economy and the people of Manitoba.



*Our young people
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**Keep the
consultation
process active.**
Killarney Consultations

*Despite the added
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a rapidly growing
economy, the federal
cuts mean our total
revenues actually
declined in 1996/97,
and will decline
again in 1997/98.*

- And, Madam Speaker, this Budget continues to spend taxpayers' money wisely.

In short, Madam Speaker, the 1997 Manitoba Budget keeps us competitive, supports more job creation, enhances our standard of living and shows our young people they can look forward to a prosperous life with good opportunities for employment here at home.

In many ways, Madam Speaker, this Budget is the result of nine years of innovative and creative effort. It is the result of hard work by many people, not only within our Government, but in factories, farms, offices, and construction sites across our province.

This Budget reflects the advice I received from hundreds of Manitobans from all walks of life during the pre-Budget consultations concluded last month. I am proud to dedicate this Budget to all those who worked so hard to make it happen, and to all Manitobans who share our vision of a dynamic and prosperous economy.

The 1997 Budget, Madam Speaker, deals compassionately and effectively with the challenge presented by the severe cuts in federal contributions to health, education and services to children and families. Despite the added revenue generated by a rapidly growing economy, the federal cuts mean our total revenues actually declined in 1996/97, and will decline again in 1997/98.

The federal cuts made preparing this Budget one of the most difficult exercises our Government has undertaken so far. I want to thank all of my colleagues, and Premier Filmon in particular, for their support and help in bringing this process to a successful conclusion.

Madam Speaker, in August 1988, we set out our core objectives. Let me quote from our Administration's first Budget:

“Our goal is a competitive and diversified economy which will provide increased investment and job opportunities for our citizens, and pay for quality health, education and social programs.”

Madam Speaker, I say to you with pride today, our commitment to those objectives has not wavered. As a result,



we have made enormous progress toward meeting the goal we set for ourselves and for the people of Manitoba in 1988.

Madam Speaker, our Government understood that balanced budgets are essential to a thriving and dynamic economy. We introduced a focussed and disciplined approach to bringing government spending into line with revenue. We placed the highest priority on delivering quality health and education services, on supporting children, and on helping families. We protected services for disabled and other vulnerable people in our society. We immediately began the process of making our tax system more competitive.

We reformed internal processes and dramatically improved the efficiency of government operations. We increased accountability at every level. Above all, we insisted that taxpayers receive better value for their dollars in every department of government.

In short, Madam Speaker, we restored responsibility and accountability to provincial government operations. We held to this course despite the challenges presented by the national recession in 1991, and the huge cuts the federal government made, and is still making, to transfers for our health, education and social programs.

By balancing our budgets and passing the balanced budget legislation, we have restored confidence among the entrepreneurs whose expansion and location decisions create the jobs, income and wealth on which our future depends. Today, Madam Speaker, we can point with pride to our progress so far, and to the unparalleled prospects for sustained growth and job creation in our province.

■ Manitoba's Economy: Generating Prosperity Now and for the Future

Madam Speaker, responsible stewardship of our finances is key to Manitoba's economic success. Two simple, common-sense, fiscal objectives remain at the centre of our economic strategy:

- first, to keep Manitoba's taxes competitive; and
- second, to balance our books and reduce the burden of debt.

We placed the highest priority on delivering quality health and education services, on supporting children, and on helping families.



“A balanced provincial budget helps boost the confidence of Manitoba businesses and consumers, and that leads to increased spending and increased economic growth.”

New Flyer Executive

The Corporation Capital Tax exemption will be increased from \$2 million to \$3 million.

We followed this course consistently. We froze major tax rates, and deliberately and persistently brought the tax burden down through targeted tax cuts and incentives to create jobs. Then, as we put government finances back on a sound footing, entrepreneurs and investors became more confident that government would not suddenly reverse course and tax away the rewards of their efforts. With renewed confidence, businesses are willing to take risks and make long-term investments that create jobs and prosperity throughout our province.

Madam Speaker, as investors see that we are balancing our budgets consistently, that we are committed – by law – to eliminate our debt, that our tax freeze is entering its second decade, more and more are choosing to expand or locate in Manitoba.

Today, Madam Speaker, all Manitobans can be very proud of the performance of Manitoba’s economy which outpaced the national average in 1996.

- Private capital investment grew by more than double the national rate in 1996 and is expected to exceed the national rate again in 1997. Firms such as Purolator Corporation, Global Fashions Corporation, and Tantalum Mining Corporation are helping to give Manitoba a record of rising private investment that is the envy of most other provinces. Indeed, Manitoba is the only province to record five consecutive years of rising private investment. The total increase over that time – 33% – was almost four times the national increase. Statistics Canada expects that record to be extended to six consecutive years in 1997.

Madam Speaker, to build on this momentum, I am pleased to announce that the exemption for small businesses under Manitoba’s Corporation Capital Tax will be increased from \$2 million to \$3 million. This measure is expected to take about 700 firms off the capital tax rolls, and encourage small firms to undertake new investments and to create more jobs.

- Manitoba consumers also showed growing confidence as retail sales grew by more than double the national rate for the second year in a row.



- Building permits in 1996 increased 12.7% – double the national average.
- The growth in housing starts has surpassed the national average in four of the past five years. In 1996, housing starts were up 18%, or 50% above the national increase.

Madam Speaker, our Government has worked hard to create favourable conditions for new home construction, and to make quality housing affordable for Manitoba families.

Accordingly, Madam Speaker, I am especially pleased to announce that the sales tax rebate for first-time buyers of a new home in Manitoba will be extended for another 12 months. Our Government introduced this measure three years ago to help make new homes more affordable to young families buying their first home. To date, the program has delivered over \$1.9 million to help almost 900 Manitoba families purchase their first home.

- Madam Speaker, I am proud to say that Manitoba's balance on interprovincial migration improved in each of the seven years since 1989, after deteriorating in each of the previous seven years. This is the longest sustained improvement in over three decades. In 1996, Manitoba had a net gain of population from six other provinces, including Ontario. Madam Speaker, out-migration has declined rapidly because the job and investment opportunities in Manitoba are steadily improving in relation to other provinces. Young people are finding jobs and staying right here in Manitoba.
- Small- and medium-sized businesses are among the most important generators of jobs – especially for young people in Manitoba. Our Government recognizes that reducing payroll taxes encourages job creation, particularly in the small business sector. Since taking office in 1988, our Government raised the payroll tax exemption from \$100,000 to \$750,000. Today, more than 90% of employers no longer pay this tax.

Madam Speaker, to stimulate more job creation, I am pleased to announce that, effective January 1, 1998, the payroll tax exemption will be increased by another \$250,000, to cover all employers with payrolls up to \$1 million. About 600 employers, or about one-quarter of

...small firms are also heavy employers of young people. Almost two-thirds of Manitoba small businesses employ youths between the ages of 15 and 24.

Canadian Federation of Independent Business

The payroll tax exemption will be increased to cover all employers with payrolls up to \$1 million.



I am pleased to announce that the Manufacturing Investment Tax Credit will be extended for three years to June 30, 2000.

Our farmers have every reason to take pride in their achievements.

those now paying the tax, will be fully exempted. Employers with payrolls of up to \$2 million will also have reduced payroll tax costs.

- Madam Speaker, one of the most striking features in our economy is the high level of investment that has taken place in our manufacturing sector in recent years. While manufacturing investment in Canada increased 5% from 1991 to 1996, the increase in Manitoba was 94%.

Manufacturers are enjoying the Manitoba advantage everywhere in our province, Madam Speaker. Midwest Food Products, for example, completed a \$20 million expansion in Carberry last year. Vansco Electronics is undertaking an \$11 million expansion of its Winnipeg facility that is expected to create over 400 new manufacturing and engineering jobs.

During my consultations, I was frequently told that the Manitoba Manufacturing Investment Tax Credit first introduced in 1992, is a key factor in Manitoba's outstanding performance in this sector.

Therefore, Madam Speaker, I am pleased to announce that the Credit will be extended for three years to June 30, 2000. Extending the Credit for three years will give firms a more predictable environment as they plan expanding their production capacity and creating more jobs.

- Manufacturing shipments surpassed the national average for the second consecutive year in 1996. In fact, last year's increase was almost three times the national average. Manufacturing shipments have increased to over \$9 billion, a 47% gain since 1991.
- 1996 was also an outstanding year for Manitoba farmers. Farm cash receipts in Manitoba grew over 13%, the largest increase in the country, and the biggest increase in Manitoba since 1979. This was the fifth consecutive year in which farm cash receipts have achieved new record levels. Madam Speaker, our farmers have every reason to take pride in their achievements.
- In 1996, Manitoba's total foreign exports rose 10% – more than twice the national increase. It was the seventh consecutive year of rising exports. From 1990 to 1996, Manitoba exports to the US more than doubled, far above



the Canadian increase. A large part of that increase is due to value-added products such as tractors, buses, computer parts, furniture, aircraft components and food products. Clearly, Manitoba companies and producers are competing successfully in the world's most competitive marketplace.

- Madam Speaker, this widespread strength in our economy is generating many thousands of jobs. In the first two months of this year, there were 20,800 more jobs than there were a year ago. Most of those jobs are full-time. All of them are in the private sector. Our province's 4% growth rate is five times greater than Canada's. Most gratifying of all: the unemployment rate fell to 6.7% in February – three percentage points below the national rate. Our youth unemployment rate is almost five percentage points below the national rate.

Madam Speaker, Manitoba is working.

Let me be clear that our Government is not claiming credit for our impressive economic performance. Manitobans as a whole deserve the credit, because whether we are entrepreneurs, employees, managers, educators, caregivers or public servants, the performance of the economy represents the sum of all our efforts. As a Government, our objective is to remove the barriers to growth created by uncompetitive taxes or excessive regulation, and to nourish a climate of confidence that encourages people to buy a new home, to hire more people, or to start a new business.

More evidence of the increasing confidence that Manitobans have in themselves, in their economy and in their future, comes from a national membership survey conducted last fall by the Canadian Federation of Independent Business. The survey showed that Manitoba led the nation in the proportion of business owners who expect the performance of their firm will be stronger in 1997.

Along with Manitobans, Madam Speaker, others have also shown increased confidence in our economy and its prospects. Consider some of the glowing reviews Manitoba's fiscal and economic performance has received from bond rating agencies.

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- Standard and Poor's remarked on "the province's gradually diversifying economy, whose growth has outpaced the national average in each of the past two years, and the government's record of careful expenditure management."
- The Dominion Bond Rating Service said: "The Province continues to demonstrate a strong will to improve its fiscal position. . . . Manitoba's economy has performed strongly for the past two years with high levels of investment and significant diversification. This performance has provided support for the Province's domestic economy with unemployment levels and retail sales growth significantly better than national averages."

Madam Speaker, by managing our public finances responsibly, our Government is achieving two very important objectives:

- first, to provide quality health, education and services to families by placing these services on a financially sound and sustainable footing; and
- second, to enable our economy to achieve its full potential and create quality jobs for all Manitobans.

These objectives are mutually reinforcing: if the economy is growing at a strong and sustainable pace, a stable and competitive tax structure will provide the resources needed for high-quality services. If Government provides high-quality health care, education and other vital services, the economy will benefit.

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■ **Health: Meeting our Needs Now and in the Future**

Madam Speaker, there is no service that Manitobans value more than health care. Manitobans have access to one of the finest health care systems anywhere. Along with other Canadians, we have one of the lowest infant mortality rates in the world, and among the longest life expectancies at birth. The Estimates I am tabling today, show our Government is firmly committed to ensuring that Manitobans have access to high-quality health care now, and in the future.

In my pre-Budget consultations, it was apparent that many Manitobans have considered the challenges facing our health care system. They know that changing demographics and



many other factors place new demands on the system. They are aware that the federal government has withdrawn funding for health care, and that provinces are ever more “on their own” in this area.

Madam Speaker, there is absolutely no doubt that we will sustain our high-quality health care system. For the past nine years, our Government has worked hard and creatively to secure health care services; and, we are succeeding.

As part of our continuing commitment to modernizing our system, we decided to review how all the components of our health care system work together, rather than as a set of fragmented, independent facilities and programs. We consulted intensively with health care professionals, with administrators and with citizens all across Manitoba. We realized quickly that simply pouring more money into the existing system would not result in better care, and could not be sustained over the long term.

Madam Speaker, we have a plan with a clear focus: quality health care for Manitobans. We are committed to implementing this strategy so that the highest standards of health care are secured for the future.

- We are shifting many elements of care from a high-cost institutional setting to more appropriate home care services. This Budget provides \$103 million for the Home Care Program in 1997/98, about two and one half times the resources provided for this program in 1987/88. Madam Speaker, our unrivalled home care services allow Manitobans to receive appropriate care and stay in their homes.
- We are consolidating a number of laboratories in order to reduce duplication of tests and equipment, standardize training and procedures, and reinvest those savings to direct patient care.
- Under the Urban Health Planning Partnership, our urban health facilities are working hard to co-ordinate and optimize the use of each facility in a system-wide delivery strategy.
- To co-ordinate decision making across Manitoba, we have established 10 regional health authorities, and the Brandon Regional Health Authority. In Winnipeg, we are

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establishing the Winnipeg Hospital Authority, and the Winnipeg Community and Long-Term Care Authority.

- Clinical program managers will co-ordinate services among facilities to ensure that the best practices are implemented, and that resource and medical information is shared among caregivers so that each patient receives the best care available.
- The process of shifting from high-cost to community-based services is well under way. Nurse-managed care at the Youville Clinic, the Wellness Institute at the Seven Oaks Hospital, and many progressive, community-based mental health services across Manitoba are just a few examples.
- To be certain that all our reforms are effective and will result in measurable improvements, we are using the Manitoba Centre for Health Policy and Evaluation to monitor the results of each component of the strategy as it is implemented.

Madam Speaker, I am particularly pleased that our Government has committed \$1.3 million over three years for the new Aboriginal Health and Wellness Centre to be opened later this year. This project will provide a continuum of services to promote health; illness and disability prevention; and treatment. The Centre will use a service delivery model that reflects Aboriginal culture. Partnerships are being developed with the Aboriginal community and the federal and city governments to ensure more effective use of available resources for Aboriginal health issues.

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Last month, Madam Speaker, we announced that we are using \$150 million of the proceeds from the sale of the Manitoba Telephone System to reduce the debt owed by hospitals and personal care homes. This frees up funds that will be used to improve facilities and deliver better services to Manitobans.

Madam Speaker, the Regional Health Authorities and the Winnipeg Health Authorities will be asked to assess the needs in their communities for acute and long-term care facilities over the foreseeable future. Their recommendations will be prioritized and considered by our Government. In the meantime, Madam Speaker, I am pleased to announce that Manitoba Health will be working with the proponents of the following projects:



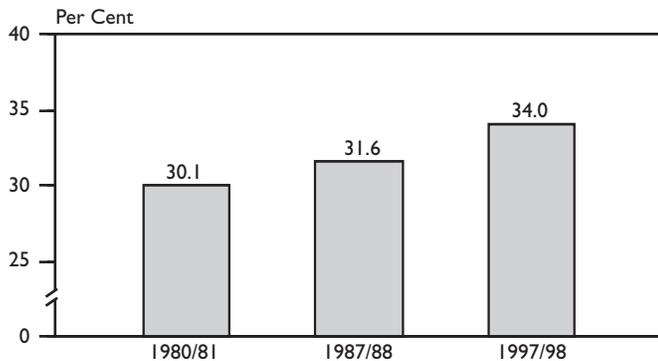
- Health Sciences Centre redevelopment,
- Brandon Hospital redevelopment,
- Boundary Trails Regional Health Centre, and
- Personal care home replacement or expansions for Lions Manor, Betel Home and Sharon Home.

Madam Speaker, my colleague, the Minister of Health, will announce a consultation process for these and other projects, along with the details of a community contribution policy.

Madam Speaker, our Government has consistently given health care our highest and most urgent priority. In total, the budget for Manitoba Health will be \$1.826 billion for 1997/98. This is 37% or \$500 million more than budgeted in 1987/88.

Thirty-four cents of every dollar in this Budget, a higher share than in any other province, is dedicated to meeting Manitobans' health care needs.

Health Expenditures as Per Cent of Total Spending, 1980/81, 1987/88, and 1997/98



Madam Speaker, we will continue to innovate and find the very best ways of delivering health services. As we implement the initiatives set out in our *Pathways to a Healthy Manitoba*, we are confident that every year, every health care dollar will be put to better and more effective use. And, by balancing our budget and keeping our economy competitive, we will have the funds needed to secure Manitoba's health care system now, and for the future.

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**Improve education
to help youth
become more
employable.**

Thompson Consultations

*We are enhancing
parents' ability to
choose the best
program of studies
for their children.*

■ **Preparing our Children for a Successful Future**

Madam Speaker, our Government is committed to a strong and modern education system to prepare the children of Manitoba for the challenges of a rapidly changing world. The knowledge our children and youth possess, and the creative ways in which they apply it, will determine whether Manitoba thrives or stagnates in the decades and century ahead. This is the reality that educators and educational institutions in our province must address.

Madam Speaker, we consulted widely to determine what Manitobans wanted and expected from their public education system. Manitobans told us they wanted higher standards and testing; more parental involvement; greater community participation; increased emphasis on language arts, mathematics and science; better use of technology; and more accountability. In short, Madam Speaker, they want the system judged not by how much we spend, but by how much our children learn.

Our path to education renewal emphasizes reading, writing, computing, and high-level problem solving. This Budget provides an additional \$4.5 million, bringing the total to \$22.3 million for education renewal initiatives in 1997/98.

Madam Speaker, we are setting world-class standards for what students should know and be able to do, and we are introducing province-wide testing. It is critical that students, teachers, parents, trustees, prospective employers and taxpayers work together to ensure that schools are delivering value in education.

To improve accountability, Madam Speaker, we established Parent Advisory Councils to ensure that parents have an effective voice in their schools. We are enhancing parents' ability to choose the best program of studies for their children in any school, in any division.

Madam Speaker, all Manitobans recognize how important computers, communication, and information processing are in today's job markets. The demand for high-level skills in these areas will intensify as we move into the first decades of the new century. One of our highest priorities is improving



access to computers and advanced technology, and providing distance education where appropriate, in classrooms across Manitoba.

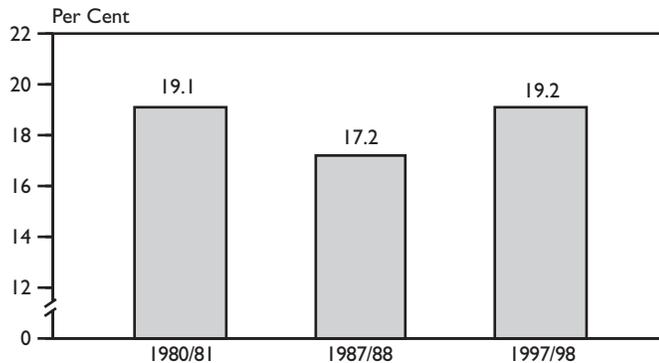
Together with school divisions and the federal government, we provided \$10.7 million through the infrastructure program to assist with distance education from kindergarten through the post-secondary education levels. Increasingly, Madam Speaker, Manitoba students can stay in their communities and receive a quality education.

Madam Speaker, today I am also pleased to announce that we will provide \$1 million for a new program, Technology Learning Resources for Schools, that will put more computers in classrooms across Manitoba.

Earlier this month, our Government announced \$24 million for school construction. Three new schools will be built, and dozens more will be upgraded or repaired, Madam Speaker. In addition to improving Manitoba's public school facilities, 400 jobs will be created as work on these projects proceeds.

In January, Madam Speaker, my colleague, the Minister of Education and Training, announced stable public school funding for 1997/98 and 1998/99. As federal transfers stabilize, and our economy continues to grow, we intend to make multi-year funding commitments for other organizations which request such arrangements.

Education and Training Expenditure as Per Cent of Total Spending, 1980/81, 1987/88, and 1997/98





*The Manitoba
Learning Tax Credit
will provide
\$17.3 million direct
support to students
and their families.*

Madam Speaker, this Budget provides \$57 million for community colleges in 1997/98, and support to universities will total \$214.6 million. Between 1993/94 and 1997/98, total operating grants for our universities have increased 5% on a per student basis.

Madam Speaker, we are confident that universities and colleges will be able to find innovative ways to make marked improvements to the quality of higher education in Manitoba. To help our universities and colleges co-ordinate programs, avoid duplication and plan for future challenges, we established a Council on Post-Secondary Education.

It has always been a priority of our Government to make advanced education a more affordable option for Manitoba families. Madam Speaker, from 1997 on, Manitoba students or their families will pay less Manitoba Personal Income Tax as a result of last month's federal changes to the income tax treatment of tuition fees and the education credit.

Furthermore, Madam Speaker, I am also pleased to announce that we will introduce legislation that ensures the Manitoba Learning Tax Credit, first announced in our 1996 Budget, reflects these changes.

For the 1997 tax year, the Manitoba Learning Tax Credit will provide \$17.3 million, \$5.3 million more than budgeted last year. This is the first, and only, refundable tax credit in Canada that provides direct support to students and their families.

Madam Speaker, while tuition fees in Manitoba community colleges and universities are among the lowest in Canada, we are determined that successful students are able to pursue a post-secondary education in Manitoba.

Accordingly, Madam Speaker, the 1997 Budget provides for a new \$1 million initiative to encourage our universities and community colleges, along with their supporters in the community, to establish scholarships and bursaries for our accomplished students. Under this initiative, Madam Speaker, our Government will add one dollar to every two dollars raised by universities and colleges.



Madam Speaker, our Government recognizes that by 2005, it is estimated that 25% of new entrants into Manitoba's labour force will be Aboriginal. Preparing all our young people for jobs is an urgent priority for our Government.

Accordingly, Madam Speaker, I am pleased to report that our Government is working with the Government of Canada to launch a new \$1.4 million initiative – Partners For Careers. The program will help place Aboriginal high school, college and university graduates into positions in the private and public sectors. These graduates will provide more role models for today's Aboriginal youth. We believe that opening the doors to employment in this way will lead to sustained improvement in long-term employment opportunities for Aboriginal youth.

Our total commitment to education in 1997/98 is \$1.03 billion, almost \$12 million more than allocated last year. I might note that this is \$280 million or almost 38% more than the amount allocated in the 1987 Budget.

Madam Speaker, the purpose of education is to prepare our children for the challenges and opportunities that emerge as we approach the next century. Together with our community partners, we are building an education system in Manitoba that will accomplish this goal.

■ Investing in People

Madam Speaker, our Government believes that Manitobans want to be self-reliant, to earn an income and make a contribution to their community.

I am very pleased that our Government has again been able to increase funding to provide services and supports for adults with a mental disability and for families of children with a disability.

This Budget provides for an increase of \$4.4 million or 7% for Adult Services to help support more adults with a mental disability to live as independently as possible in community residences or apartment settings. These programs also provide day services programming and transportation to complement supported living arrangements. The 1997 Budget also

We believe that opening the doors to employment in this way will lead to sustained improvement in long-term employment opportunities for Aboriginal youth.

Work with the Aboriginal community and other levels of government to improve the lives of Aboriginals.

Winnipeg Consultations



**If you really want
to do something
for yourself,
just take the first
step and there
will always be
someone to walk
you through.**

Taking Charge! graduate

**Encourage the
private sector to get
directly involved in
job training.**

Winnipeg Consultations

increases the resources available to provide respite to families and other primary caregivers. Over the last ten Budgets, this Government has injected almost \$30 million more into the Adult Services system, which is an increase of more than 60%.

In 1996/97, we saw an increase in the need to provide support for families who have children with a disability, to help meet the needs of the child and the family in order that the child may remain at home. In 1996/97, we met that need. I am pleased that for 1997/98, our Government has increased funding for Children's Special Services by almost \$2 million, close to 30%, to ensure continued support of these children and to address new requests for services.

Madam Speaker, we are continuing our work to remove barriers between welfare and employment. We would like to see all Manitobans have good jobs and earn good incomes. We have worked diligently to reform social assistance and help more people to achieve self-reliance and independence through Making Welfare Work initiatives such as:

- the Community Services and Rural Jobs Projects;
- the Manitoba Conservation Corps;
- Opportunities for Employment;
- Youth Now; and
- Taking Charge!

Madam Speaker, we are refocussing social assistance on active measures designed to place people in jobs. We are continuing our partnerships with community groups and industry to create opportunities and help social assistance recipients to move from social assistance into the work force.

A good example of what can happen when training and placement programs are developed in partnership with industry, Madam Speaker, is the Transport Driver Training Program. Transportation, and trucking in particular, is one of Manitoba's most important and forward-looking sectors. Our trucking firms are growing and are encountering shortages of trained drivers.

Accordingly, our Government will commit over \$500,000 to the Transport Driver Training Program in 1997/98. We expect



about 225 participants will be trained to step into the unfilled jobs in this industry. About one-half will be social assistance recipients. Based on our past experience with this Program, the vast majority of trainees will secure jobs with Manitoba trucking firms.

Madam Speaker, we are encouraged by the success of these programs in helping hundreds of people find jobs. This Budget allocates \$8.9 million or \$1.5 million more than budgeted in 1996/97 to Making Welfare Work.

Manitobans also want to help children at risk or in distress. They want to ensure all children are given a chance to lead normal and productive lives. This Budget supports that priority by committing \$104.4 million to the agencies that are responsible for the care and maintenance of children at risk.

Our Government wants all Manitoba children to have a healthy start in life. Manitoba social assistance benefit rates for households with children are among the highest in Canada. We have ensured that single parents retain the option of staying home to care for pre-school age children.

We have been actively working with other government and private community representatives to enhance the nutrition of children. In 1997/98, we will be announcing initiatives totalling an estimated \$300,000 in this area.

Madam Speaker, this Budget continues our support for day-care in Manitoba at \$40.5 million in 1997/98. Single parents who want to work to support their families need access to reliable, quality child-care services. Together with child-care organizations and providers, the Department of Family Services will develop recommendations for a more flexible and accessible child-care system for Manitoba.

Madam Speaker, the best form of social security is a job. Our growing economy is generating sustained investment, and our businesses are creating the jobs people need in order to move into the work force.

*Our Government
wants all Manitoba
children to have a
healthy start in life.*



■ Enhancing Support for Children and Youth

Madam Speaker, all Manitobans shared in the effort to put our financial house in order, and all Manitobans should take pride in our success. As we begin to realize the economic benefits of nine years of sound management of our Province's finances, we want all our citizens, and especially the children and youth of Manitoba, to share in the rewards as they are realized.

Madam Speaker, by beginning to repay the accumulated debt, we are giving the leaders of tomorrow the opportunity to shape the destiny of Manitoba in the way they choose.

Madam Speaker, we have introduced measures, such as the Manitoba Tax Reduction, that provides significant benefits to lower-income Manitobans supporting children. This reduction, which provides up to \$250 of tax relief per child, is one of the few tax benefits in Canada that is related to children. We are leaving more money with parents, who know their children's needs the best. The Manitoba Tax Reduction delivers about \$30 million each year in the most immediate form available – on employees' pay cheques.

Madam Speaker, our Government welcomes the National Child Benefit announced in last month's federal Budget targeted for implementation next year. The National Child Benefit follows on the initiative of provincial Premiers to work toward a national approach to assistance for children in low-income families. Manitoba, along with other provinces, will redirect any savings in provincial social assistance toward services and benefits for children.

Our Government will also consider other measures to ease the ability of parents to enter or re-enter the work force. We will work with other provinces, territories and the federal government to finalize this initiative this summer. My colleague, the Minister of Family Services, is leading Manitoba's contribution to this important initiative to improve the lives of children and their families everywhere in Canada.

**Look after the
young children and
we won't have to
address problems
when they are teens.**

Pinawa Consultations



Madam Speaker, the nutrition of students in Manitoba schools is one of the many factors being addressed in partnership with social services agencies and schools. Our Government recognizes that proper nutrition is vital to learning. With our Government's Students at Risk Funding, some urban, rural and northern schools are providing nutrition programs.

Our Government created the Children and Youth Secretariat to help co-ordinate Provincial measures and initiatives for the benefit of children. Today, Madam Speaker, I am pleased to announce the creation of a new \$500,000 fund – ChildrenFirst – which will be used to develop new approaches to improve the lives of children and their families within their communities.

Madam Speaker, the jobs our economy is creating are ultimately more important – by far – to the youth of our province than any government programs.

While youth unemployment remains a significant concern to our Government, Manitoba's youth unemployment rate was second-lowest in Canada in January and February, and almost five percentage points below the national average.

Madam Speaker, our economy is producing jobs at well above the national rate. There are growing shortages of skilled employees in many sectors of our economy.

Madam Speaker, the challenge is to help our young people turn these opportunities into paying jobs. Our education renewal initiatives are designed to prepare our young people with the skills they need to function in the modern workplace. Our placement programs are designed to help them land that first job, and begin acquiring the experience they need for a lifetime of productive and meaningful work.

The Government will continue with its commitment to student and youth employment programs. In 1997/98, it is expected that close to 15,000 students and youth throughout the province will be assisted by our many successful programs. We are providing summer opportunities and are increasing the number of opportunities for unemployed youth to find jobs throughout the year. We are developing partnerships with federal departments and with the private sector to ensure that Provincial dollars are used effectively to maximize the job opportunities for Manitoba youth.

Manitoba's youth unemployment rate was second-lowest in Canada in January and February, and almost five percentage points below the national average.

Our education renewal initiatives are designed to prepare our young people with the skills they need to function in the modern workplace.



**Adopt a
pro-active
approach to
crime control.
Roblin Consultations**

■ Making our Communities Safe

Madam Speaker, I am pleased that Manitoba is recognized across Canada as a leader when it comes to improving our justice system and enforcing tougher penalties on criminals. Manitobans have told us that this is one of their high priorities. We want to feel safe on our streets, in our communities and in our homes.

In 1995, we announced that we would provide \$2 million a year for seven years, for a total of \$14 million, for community policing in Winnipeg. This is enough to pay for 40 officers a year to police the streets of Winnipeg. Madam Speaker, our Government is encouraged by the public support expressed for this initiative. The 1997 Budget funds the program's third year of operation.

Madam Speaker, I would also like to confirm that funding for two Urban Sports Camps initiatives will be extended. The Central Park Youth Recreation Centre Project, and the Youth Drop In Centre and Athletic Club, offer inner-city youth athletic, recreational and cultural activities as alternatives to gang-related activities. These worthwhile projects are funded by the Urban Safety Program under the Winnipeg Development Agreement.

That Program, Madam Speaker, also helps fund two educational programs offered by the Winnipeg Police Service – the Alive program which will be delivered in Winnipeg schools to teach students about consequences of breaking the law, legal rights, and responsibilities; and the CounterAction program to help businesses determine ways of reducing the opportunity for crime.

Madam Speaker, this Budget maintains funding for Victims Assistance. My colleague, the Minister of Justice, will shortly provide details on other justice initiatives designed to prevent crime and improve the justice system in Manitoba. This Budget provides \$1.5 million for these measures.

Madam Speaker, in our ongoing efforts to prevent crime in rural areas, this Budget commits resources for an improved telecommunications system for the RCMP. Last year, our Premier and the Mayor of Brandon announced a partnership arrangement for the phase-in of the new 911 emergency



response communications services to most communities south of the 53rd parallel. I am pleased to report that rural 911 is up and running. The community of Portage la Prairie and several rural communities have already joined, and others are waiting to participate.

■ **Sharing the Benefits of a Strong Economy**

Madam Speaker, I am pleased to announce that Provincial support to our local municipal governments will increase in 1997/98. This is in marked contrast to the federal government, which has achieved virtually all of its program expenditure cuts over the past few years through reductions in transfer payments to the provinces. This Budget provides \$48.8 million for the Department of Rural Development, up 1.9%, and \$72.0 million for the Department of Urban Affairs, up 1.8%.

Madam Speaker, another example of our strong Provincial support for local governments was our recent announcement of payments under the Provincial-Municipal Tax-Sharing Act (PMTS). These payments provide a share of both personal and corporate income taxes to municipal governments.

Madam Speaker, when the federal government assessed the 1995 income tax returns, it was determined that Manitoba was owed additional tax for that year. The additional revenue allows us to provide increased PMTS payments to the municipal governments.

Madam Speaker, as announced by my colleagues, the Ministers of Rural Development and Urban Affairs, an additional \$4.4 million is being paid this month, bringing the total paid in 1996/97 to \$60.0 million. This total is 14.7% above the total provided in 1995/96, propelled in particular by strong growth in corporate taxable income in Manitoba.

Our Government has also informed municipalities that the estimated total for distribution later this year is \$61.8 million, a 3% increase above the combined payments made in 1996/97. Of this amount, approximately 60% will be paid to the City of Winnipeg, and the remainder to other local governments throughout Manitoba.

*Provincial support to
our local municipal
governments will
increase in 1997/98.*



Madam Speaker, I am also pleased to announce that our Government is prepared to renew the Urban Capital Projects Allocation, a fund worth \$96 million over the next six years. This fund will provide resources for priority capital projects, street renewal, transit and other project improvements to facilities and infrastructure in the City of Winnipeg. My colleague, the Minister of Urban Affairs, will provide further details of this program.

Madam Speaker, we are also working together with communities threatened with flooding this spring to develop an effective response plan. The Budget doubles the amount allocated to deal with emergencies of this nature to \$20 million, from the \$10 million allocated last year.

■ **Creating New Opportunities**

In the last Session of this Assembly, Madam Speaker, we introduced a wide range of measures to improve the investment climate in our province, to enhance job creation, and to generate new income and wealth.

Madam Speaker, the Workers Compensation Board has been put on a sound footing. The elimination of the Board's deficit reduces the cost of doing business for Manitoba employers, and allows the Board to provide better service to injured workers. Since 1988, Madam Speaker, average Workers Compensation rates have already fallen by over 9%, and will fall by a further 5% each year until 1999.

Madam Speaker, over the last nine years, our Government has made reducing the burden of excessive red tape and regulations a major priority. Last year over 100 regulations were repealed, and literally hundreds of forms slated for elimination or simplification. Later this Session, we will be introducing simplified tax filing and remittance options for small businesses.

Our fiscal and structural reforms encourage firms to expand and locate in our province. Madam Speaker, this Budget also maintains funding available for economic development initiatives.

**Reduce regulations
and red tape.**
Brandon Consultations



- The Manitoba Industrial Opportunities Program (MIOP) provides loans conditional on firms meeting their job creation commitments. This Program has been instrumental in helping Manitoba-based firms expand in our province and in bringing others to Manitoba.

Madam Speaker, the Pine Falls Paper Company provides an instructive example of how important such support can be. Created in 1994 by an employee/management buy-out of a paper mill which might otherwise have closed, Pine Falls Paper embarked on an ambitious \$65 million capital upgrade project. The Province assisted this endeavour with a commitment to provide a repayable loan of up to \$30 million. During the past year, the project was completed on budget and on time. The Province was called on to advance only \$5 million of the \$30 million available. This year, Pine Falls Paper intends to fully repay that loan, and, will then commence its next round of significant capital expenditure.

With the support of a repayable loan from MIOP, Isobord Enterprises is constructing a \$142 million plant in Elie to produce environmentally friendly composite board from straw. The project is creating 300 jobs during the construction phase, 100 permanent jobs at the plant, and 100 contract jobs for the straw collection operation each fall.

Madam Speaker, there can and will be more such successes. This Budget allocates \$11.9 million to MIOP initiatives in 1997/98.

- The Rural Economic Development Initiative funded infrastructure that helped McCain Foods to expand its potato processing plant in Portage la Prairie, Rea Gold to redevelop a gold mine near Bissett, and CanAgra to build a canola crushing plant near Ste. Agathe. These three projects alone will create some 400 jobs.
- Madam Speaker, we are providing funds to continue the Community Works Loan Program our Government introduced in 1995. So far, 20 communities have participated, and 19 more have expressed interest. This

Develop homegrown industries and foster their growth.

Winnipeg Consultations



Business Start has been especially successful in providing funds for women and rural entrepreneurs to start businesses.

Program helps communities assist local entrepreneurs to create jobs and provide services in line with local priorities.

Madam Speaker, I am also pleased to announce that we are extending Business Start for another two years. This program, started in 1990, helps new small businesses commence operations by providing a loan guarantee of up to \$10,000. This program has been especially successful in providing funds for women and rural entrepreneurs to start businesses.

Madam Speaker, when our Government set out its *Framework for Economic Growth* in 1993, we identified capital market development as one of the key strategic areas. As pointed out in the Framework, "capital is the engine of business and employment growth." By developing ways for Manitoba businesses to tap local sources of capital, we can help those businesses reach their full job-creating potential.

One such initiative was launched in 1991, when our Government introduced legislation that established Manitoba's first Labour-Sponsored Venture Capital Corporation: the Crocus Investment Fund. Investors in this Fund claim a 15% federal and a 15% Manitoba income tax credit when they file their personal income tax returns. To the end of 1996, the Fund has raised over \$47 million, and has invested \$18 million to create and preserve jobs in small- and medium-sized Manitoba businesses.

Today, Madam Speaker, I am pleased to announce that legislation will be introduced in this Session allowing for the formation of other provincial Labour-Sponsored Venture Capital Corporations.

Madam Speaker, this legislation will augment other initiatives, such as the Manitoba Capital Fund, that provide vehicles to direct investment capital into small Manitoba firms, helping to create new jobs. We are also working closely with Manitoba's investment community to expand the role of the Winnipeg Stock Exchange enhancing the ability of local firms to raise equity capital.

Madam Speaker, our farmers have shown they are capable of meeting the challenges of global competition. However, like farmers everywhere, their success depends on the co-operation of nature. Assisting farmers to obtain adequate crop insurance



protection has always been a priority of our Government. Accordingly, Madam Speaker, we have introduced enhancements in the coverage provided by the Manitoba Crop Insurance Corporation.

The farm community has told us that research is key to achieving and maintaining a competitive edge in farming. By diversifying and investing in new technologies, Manitoba farmers are laying the basis for new industries and revitalized communities in rural Manitoba.

Accordingly, Madam Speaker, I am pleased to announce that we are committing \$3.4 million to support a new Agri-Food Research and Development Initiative. Together with the commitment we expect from the federal government, this exciting new Initiative will make a substantial contribution to the long-run future of agriculture in Manitoba.

Madam Speaker, mining is a billion-dollar industry in Manitoba. Directly and indirectly it provides thousands of jobs in communities from Virden in the southwest to Lynn Lake in the north and Bissett in the east. Our Government strives to make Manitoba one of the best places in the world to explore for minerals and develop mines. And, Madam Speaker, the results are very gratifying. The support, incentives and tax reductions we have introduced during our time in office have facilitated the discovery and development of major new mines, and the redevelopment of former mines. In just the past year and a half, four mines have come into production and others will open this summer. These mines have created well-paying jobs and assured the continued viability of several Manitoba communities.

Madam Speaker, to further enhance the competitive position of our mining industry, I am pleased to announce that diesel fuel consumed in off-highway transport of ore from mine sites to processing facilities, will be exempt from the motive fuel tax starting October 1, 1997.

During the last election, Madam Speaker, we made a \$1.5 billion commitment to capital spending over this term of our Administration. Our basic infrastructure is critical to Manitoba's long-term prospects. Maintaining our highways, bridges and airports is a key element of our future as a major North American transportation hub.

Maintain money for research in agriculture.

Low Farm Consultations

Our Government strives to make Manitoba one of the best places in the world to explore for minerals and develop mines.



Madam Speaker, our Government has a strong commitment to Manitoba's highway construction program. This Budget commits an additional \$1.3 million of Provincial funds to maintain and improve our roads, highways and bridges. Total spending, however, will be down due to the federal government's elimination of the Strategic Highways Program.

Beginning with the Premiers' Conference last August, Madam Speaker, Manitoba has pushed hard for a renewal of the Canada Infrastructure Works Program. Of the nearly 400 projects announced, close to 250 are completed. Some 3,400 jobs were created and all areas of Manitoba are benefiting from better roads, better facilities and more opportunities for work and enjoyment. This Program is an unqualified success.

The Infrastructure Program supported traditional infrastructure such as the Sanford Water Treatment Plant, and such innovative projects as Foundations for Health Research Centre, the South Winnipeg Technical Centre and the Manitoba Museum expansions. These and other projects are designed to meet the growing demand for training related to trades and new information technologies. The Infrastructure Program has helped improve both Manitoba's competitiveness and our long-term job creation prospects.

Madam Speaker, we have allocated \$22 million for the Infrastructure Program for 1997/98. Together with our federal, municipal, and other partners, \$66 million will be made available for projects across Manitoba.

Earlier this year, Madam Speaker, the Winnipeg International Airport was transferred from the federal government to the Winnipeg Airport Authority. We are excited by the Authority's plans to upgrade Manitoba's premier airport. Work is also proceeding on Winnport, a plan to make the Winnipeg International Airport the hub of a major international transportation network.

Our Government is committed to the future of the Winnipeg International Airport. To assist the Airport Authority's efforts in attracting new passenger routes and creating new jobs, Madam Speaker, I am pleased to announce the tax rate on aviation fuel will be reduced by 1 cent a litre, from 4.2 cents/litre to 3.2 cents/litre, effective October 1, 1997.

*To assist in attracting
new passenger routes
and creating new jobs,
I am pleased to
announce the tax on
aviation fuel will be
reduced by
one cent a litre.*



Madam Speaker, Manitobans can be proud of the way they support artistic and cultural endeavours in our province. Support for the not-for-profit performing arts – theatre, music, dance and opera – is stronger in Manitoba than in any other province. According to Statistics Canada, direct ticket sales, public grants, and fund-raising and donations to the arts in Manitoba were all far above the national average. Support from all three sources for Manitoba's performing arts companies was \$22 per capita, much higher than the national average.

So, Madam Speaker, it is not surprising that one of the most remarkable success stories of the last several years has been the spectacular growth of Manitoba's film and video industries. If the projections for 1997 hold, this industry will have grown fiftyfold just in the last 10 years. Our Government has supported the industry through establishing the Manitoba Film and Sound Development Corporation. Manitoba artists and production companies are making their presence felt across the continent and beyond, creating local opportunities for Manitoba's abundant homegrown talent.

Madam Speaker, I am pleased to announce that our Government will introduce the Manitoba Film and Video Production Tax Credit. The Credit will encourage more Manitoba-based productions, and create opportunities and jobs for the abundant talent Manitoba has in this industry. The Credit will be in place for three years and will be 35% of eligible payroll costs. Further details of this measure are included in Budget Paper C.

Madam Speaker, I have highlighted only a few of the economic initiatives supported by this Budget. As with all our programs, we are constantly evaluating our economic development needs and the effectiveness of our programs.

■ Government: Spending Smarter

Madam Speaker, almost a decade ago, we initiated intensive, ongoing reforms to transform the way our Government serves the people of Manitoba. We started eliminating duplication, and spending smarter. We looked closely at all our activities and decided that some could be delivered more effectively by community agencies or by the private sector.

One of the most remarkable success stories of the last several years has been the spectacular growth of Manitoba's film and video industries.

Look for creative solutions; money is not always the answer.

Winnipeg Consultations



We moved 15 Government operations into Special Operating Agencies, where activities can be managed in a more business-like fashion and provide better, and more cost-effective services to the people of Manitoba. This year, the Land Titles Office will become a Special Operating Agency.

Madam Speaker, I would like to take this opportunity to express our Government's appreciation to those public servants who are contributing to Service First and its component initiatives, Better Methods and Better Systems. With our Service First initiatives, we are continuously improving service delivery, bringing services closer to people and using technology to enable better service more in tune with the expectations of Manitobans.

Madam Speaker, Manitoba's cost of government is now the lowest in Canada. And yet, we realize that more can and must be done to deliver cost-effective government. Manitoba Measures is another initiative designed to improve both planning and accountability by requiring departments to prepare business plans. These plans will include performance measures which will focus on outcomes rather than on the amount of money spent.

■ **Collective Bargaining**

Madam Speaker, our Government has decisively and successfully turned the finances of our Province around. The road to fiscal stability has not been easy, and we must continue living within our means.

Madam Speaker, when we look for better ways to serve Manitoba citizens, we cannot overlook the fact that employee salaries are the largest single component of our expenditures. We could not have achieved a balanced budget without addressing the issue of public sector compensation. We have tried to do this as fairly and compassionately as possible.

In order to do that, Madam Speaker, we instituted such innovative programs as the Reduced Work Week Program. Necessary restructuring was accompanied by work force adjustment programs that have kept the number of permanent layoffs to below 200. The result, Madam Speaker, is that there

*The Manitoba
Government is
now smaller than
at any time since
the mid-1970s.*



are 2,500 fewer positions in the Manitoba Government than in 1988. The Manitoba Government is now smaller than at any time since the mid-1970s.

Madam Speaker, we have offered our employees the stability of a three-year contract, with added flexibility and other improvements consistent with living within our means.

We are committed to providing the best possible service to the people of Manitoba. Madam Speaker, this means dealing with the public sector fairly. I believe strongly that we have done this, and I would like, at this time, to recognize the support we have received from civil servants in our Province's public sector.

■ 1996/97 Surplus

Madam Speaker, our strong provincial economy provided higher than budgeted own-source revenue in 1996/97. Spending for health care, family services, tax credit payments and emergency measures were also higher than budgeted. I am pleased to report that, as in 1995/96, a balanced budget will be achieved in the fiscal year ending March 31, 1997. As outlined in the Third Quarter Financial Report, the projected surplus for 1996/97 is \$56 million.

Madam Speaker, 1996/97 marks the first time in a quarter century that Manitoba has recorded back-to-back surpluses.

In addition to the 1996/97 surplus, the net proceeds from the divestiture of the Manitoba Telephone System generated extraordinary net revenue of \$410 million. Madam Speaker, we have allocated \$150 million from the MTS sale proceeds to hospitals and personal care homes for debt repayment. The remainder of the extraordinary revenue and projected surplus of \$56 million will be transferred to the Fiscal Stabilization Fund at the end of this fiscal year.

Manitobans can take pride in their savings account. It provides assurance that health, education and social services will be sustained in the years ahead, even if we are confronted by circumstances we cannot foresee now.

The projected surplus for 1996/97 is \$56 million.

There must be a balance between fiscal and social needs.

Roblin Consultations



■ 1997/98 Budget Plan

Madam Speaker, our 1997 Budget decisions were based on the same fundamentals that our Government has followed since 1988:

- to control spending and live within our means;
- to protect vital services;
- to achieve a balanced budget; and
- to hold the line on tax rates.

Comparative Statement of Budgetary Revenue, Expenditure and Surplus

1997/98 and 1996/97

	Budget 1997/98	Budget 1996/97	1997/98 Change from 1996/97 Budget	
	(Millions of Dollars)		(Millions of Dollars)	%
Revenue				
Taxation	3,169	3,037	132	4.3%
Government of Canada	1,555	1,688	(133)	(7.8%)
Other	688 ⁽¹⁾	595	93	15.5%
Total Operating Revenue	5,412	5,320	92	1.7%
Current Program Expenditure	4,473	4,413	60	1.4%
Public Debt Costs	520	575	(55)	(9.6%)
Total Operating Expenditure	4,993	4,988	5	0.1%
	419	332	87	26.3%
Deposit to Debt Retirement Fund	75	0	75	100.0%
Operating Surplus	344	332	12	3.7%
Capital Expenditure	317	313	4	1.2%
Less: Federal Recoveries	0	3	(3)	(100.0%)
Net Capital Expenditure	317	310	7	2.3%
Budgetary Surplus	27	22	5	22.9%

(1) Includes \$100 million from Fiscal Stabilization Fund



Madam Speaker, it gives me great pleasure to announce our third consecutive balanced Budget. The 1997 Budget projects a surplus of \$27 million for 1997/98.

Taxation revenue will increase by \$132 million or 4.3% above last year's Budget. This reflects our strong and vibrant economy. It is important to note, Madam Speaker, this revenue growth is achieved without any tax rate increases, and provides over \$30 million annually in strategic tax reductions.

However, the revenue picture is not complete, Madam Speaker, until the effect of falling federal transfer payments is factored in.

The Canada Health and Social Transfer (CHST) is forecast at \$499 million, or \$100 million less than budgeted in 1996/97, and \$268 million less than the actual federal cash support provided for health, higher education and social assistance in 1995/96.

1997/98 federal transfer revenue also reflects declining equalization revenue. As the Manitoba economy outperforms the Canadian economy, our equalization entitlements also decline. Entitlements are expected to be the lowest since 1993/94.

Madam Speaker, we are using the Fiscal Stabilization Fund as a bridge to support health and education services until growth in our own-source revenue offsets the federal cuts. A transfer of \$100 million from the Fund will be made for this purpose. Without the cut in the federal government's contribution to health, education and family services in 1997/98, this draw would have been completely unnecessary.

Madam Speaker, our Government would have had a much easier task if we did not have to deal with the significant federal reductions. Not only have we balanced our Budget, but along with other provinces, we are also eliminating the federal deficit.

Madam Speaker, our tenth Budget is an historic step for our Government and the people of Manitoba. I say historic because in 1997/98, we will make our first payment toward the total elimination of Manitoba's general purpose debt. *The Balanced Budget, Debt Repayment and Taxpayer Protection Act*

An historic step...we will make our first payment toward the total elimination of Manitoba's general purpose debt.

All Manitobans can take pride in this good-news story. We are lifting the burden of debt from our own, and our children's, shoulders.



Public debt costs are also under control and are beginning to decline.

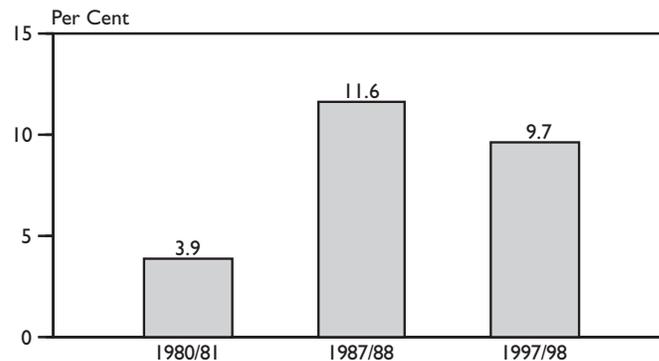
requires a first debt repayment instalment of \$75 million to be made in 1997/98. This Budget provides for that payment.

All Manitobans can take pride in this good-news story. To begin lifting the burden of debt from our own, and our children's, shoulders demonstrates how far Manitoba has come in setting its fiscal situation straight.

Madam Speaker, Manitobans can be assured that by staying on this course we will free up resources we need for the future to protect our most valued services, to lower taxes, or pay down our debt even faster.

Madam Speaker, I am also happy to report that public debt costs are also under control and are beginning to decline. In 1997/98, public debt costs are budgeted at \$520 million, \$55 million less than last year, and \$72 million less than the cost of servicing our debt in 1995/96. Lower debt and lower interest rates both contribute to lower debt costs. Lower interest rates are a direct result of governments across Canada exercising greater financial responsibility.

Debt Services Costs as Per Cent of Total Spending, 1980/81, 1987/88 and 1997/98



Frankly, we are baffled by the rating agencies' reluctance to upgrade this prairie gem.
Merrill Lynch

Madam Speaker, Manitobans can take pride that we were one of the very first governments in Canada to take this course and stick to it. As a direct result, Manitoba enjoys a better borrowing rate than any province, except Alberta.

Madam Speaker, current program expenditure is budgeted at \$4,473 million in 1997/98, about 1% more than budgeted last year. Capital expenditure is budgeted at \$317 million for 1997/98.



The effect of our revenue and expenditure decisions result in a budgeted surplus of \$27 million in 1997/98. This surplus will be deposited in the Fiscal Stabilization Fund. We expect there will be about \$470 million available in the Fund at the end of 1997/98. Again, Madam Speaker, the Fund is Manitoba's savings account. It provides security and stability. It assures Manitobans of consistent, high-quality services in the future.

■ The Medium-Term Fiscal Plan

Madam Speaker, this Budget puts forward a plan for continued financial and economic progress. It supports strong job growth into the twenty-first century.

The pillars of our plan for the future are:

- competitive taxes, including a permanent freeze of major tax rates;
- high-quality health, education and family support services;
- balanced budgets; and
- continued debt repayment.

Economic forecasters are nearly unanimous in predicting that 1997 will be another year of strong economic and job growth. This provides Manitoba a golden opportunity to strengthen our public finances.

Economic forecasters are nearly unanimous in predicting that 1997 will be another year of strong economic and job growth.

Our plan extends to six years the string of consecutive budgetary surpluses.

Medium-Term Fiscal Plan

	1997/98	1998/99	1999/00	2000/01
	(Millions of Dollars)			
Operating Revenue	5,412 ⁽¹⁾	5,403	5,509	5,647
Less: Current Program Expenditure	4,473	4,473	4,498	4,523
Public Debt Costs	520	515	510	505
Debt Retirement Fund Deposit	75	75	75	75
Operating Surplus	344	340	426	544
Less: Net Capital Expenditure	317	310	310	310
Budgetary Surplus	27	30	116	234

(1) 1997/98 includes \$100 million from Fiscal Stabilization Fund



We are launching the first sustained attack on our Province's debt since the 1950s.

Madam Speaker, our Medium-Term Fiscal Plan is based on conservative and realistic independent economic forecasts. Our Plan also recognizes that, by the turn of the century, federal support to health, education and social services is scheduled to decline by a further \$58 million annually. By that time, the reductions to the Canada Health and Social Transfer will have cost Manitobans over \$1.1 billion.

Our Plan continues to provide for debt repayment as required by *The Balanced Budget, Debt Repayment and Taxpayer Protection Act*. Our Plan extends to six years the string of consecutive budgetary surpluses which began in 1995/96. For the first time since the 1950s, Madam Speaker, we are launching a sustained attack on our Province's debt.

Madam Speaker, I am pleased that we can provide for modest spending increases in the future. With innovative and careful management of Manitoba taxpayers' money, we will have more funds available to protect and enhance vital services delivered to Manitobans.

Madam Speaker, Manitobans have shown they set the standard to which others aspire. As we have demonstrated through our stewardship over the past nine years, we will continue to set the standards for our nation.

■ Conclusion

Madam Speaker, budgets by their very nature are about the future. This Budget, because of the historic signal it sends to our young people, speaks volumes about the promise for Manitoba's future – a future where our economy will continue to create jobs so our young people can look forward to even greater prosperity.

We know today Manitoba is stronger, more vibrant and holds greater promise for our young people than ever before. Manitoba's strong economy, spurred by balanced budgets and a stable tax structure, gives Manitobans the chance to live, work and prosper right here at home.

We are seeing record investment, record exports and record job creation. By keeping our budget balanced and paying down our debt, we will have more funds to meet the needs of Manitobans. Madam Speaker, we will be free to choose among



further tax reductions, enhancing services or paying down our debt even faster.

Madam Speaker, only a vibrant and competitive economy can generate the jobs and the resources we need to deliver the quality health care, education and services to children and families now and in the decades to come.

Madam Speaker, Manitobans are proud and confident. It is this pride and confidence which will greet visitors when Manitoba hosts the 1997 Canada Summer Games in Brandon, and the 1999 Pan Am Games. We already know through our spirit, our innovation and our drive, Manitoba is a world-class location, and we welcome the opportunity to showcase Manitoba to the world.

Our visitors, Madam Speaker, will see a transformed, dynamic and modern economy. Visitors and athletes from all of Canada and from across the hemisphere will see thousands of our volunteers working together. They will enjoy Manitoba hospitality; they will learn of our heritage, self reliance and dedication to hard work.

These are the principles which have resulted in the economic success we see today, and of which all Manitobans can take pride. It is only through their hard work and dedication we are seeing a vibrant and competitive economy which allows us to continue to provide high-quality services, and ensure all Manitobans share in the benefits of our province's success.

As Premier Filmon has repeatedly stressed, we do not desire growth for its own sake, but rather to improve the quality of life for Manitobans. Madam Speaker, this is our pledge to all the people of Manitoba.

Thank you, Madam Speaker.

*Manitoba is
Working!*